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# West Europe Report



FOREIGN BROADCAST INFORMATION SERVICE

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25 June 1984

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## PSOE 'CONFUSION' SEEN KEY TO COMMUNIST ANTI-NATO PROTESTS

Madrid ABC in Spanish 21 May 84 p 11

[Editorial]

[Text] A mock referendum on NATO in Madrid's Pinto area, and other extravaganzas in various places in the province yesterday were part of the continuing campaign called "Peace Spring" which is being organized by the so-called Coordinated State Pacifist Associations. The driving force behind these initiatives comes from the communist councillors in the respective cities, assisted on most occasions by the socialist councillors. At the hub of the campaign is none other than the Spanish Communist Party, which on this topic, as in the labor union field, has no kind of problem in reaching agreements.

That "Peace Spring" on which Spanish communism is working so hard came into being when the socialist government reversed its position on Spain's remaining in NATO, and it will be expressing its point of view more loudly next Sunday, perhaps in Valladolid, on the occasion of the celebration of Armed Forces Day. When it comes to agitation and propaganda, the communists are masters.

The communists in this campaign are demonstrating against the worth of national defense: they--who in the USSR extol the values of patriotism with the most insufferable rhetoric. The current display of pacifism in Spain as a whole is directed against the concept of national defense represented by the celebration of Armed Forces Day, and in particular against Spain's remaining in NATO. Various military leaders have made quite precise and forceful statements when discussing NATO as to the meaning of pacifism, and the origin of the forces which are behind it.

We believe that these observations have been as timely as those of the ministry of defense--about them and against them--have been late in coming. Are not the Spanish military, who are vocationally and professionally devoted to the defense of our nation, perhaps the ones who possess the best technical qualifications and moral basis to make public pronouncements about NATO and the security of Spain? The problem is that the government party created a state of national and popular confusion about this topic, and the communists are the ones who benefited from it. But the topic does not end

there. The government has made an internal correction in its domestic policy, while on the outside the debate and agitation about the matter have remained in the hands of the communists, who, on the subject of defense, foist off on the government the same pacifist goals which in the world of energy economics are ecologist goals running counter to national security.

The ecologist movement and pacifism are two sides of the same coin. The party running the government has up until now lacked the authority to put its own ranks in order on the level of the city councils and in the Autonomies. The communists are benefiting from that internal deficiency. And in view of the open breach caused by pacifism, the military should not be required to remain silent on the subject of NATO.

8131

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## DIVISIVE NATO ISSUE VIEWED AS 'HOT POTATO' FOR MADRID

Madrid ABC in Spanish 21 May 84 p 17

[Article by Alberto Miguez]

[Text] Madrid--Lately everything seems to indicate that there will be a gradual radicalization of the Atlantic Alliance question in Spain. The "hot potato" of NATO shows signs of becoming the socialist government's most serious problem, one that can not be pushed aside. Yesterday, when echos of the trip to Madrid by Helmut Kohl, chancellor of the FRG, were still resounding in the air, marches were held by pacifists in Barcelona, Valladolid, Pamplona, Tafaya and San Sebastian.

In Valladolid the so-called "human chain for peace"--which ended up in front of the U.S. Consulate, and which, according to various sources, included more than 30,000 people--received unexpected support from the Barcelona Federation of the Socialist Party of Catalonia (PSC-PSOE), which previously had released a communique repeating its opposition to Spain's remaining in NATO, "because it runs counter to the party's resolutions in Congress." Although it had not been invited, the Council of the Federation joined the "chain for peace." The pacifist demonstration was organized around three themes: first, a demand for an immediate referendum containing an explicit question; second, "No to NATO--and bases too"; third, support for active neutrality for Spain, opposition to the policy of blocs.

In Valladolid, as a warn-up for the coming Armed Forces Day parade, the pacifists who shouted their opposition to the military parade engaged in violent confrontations with opposing groups.

While the series of marches and "chains" wound along, flags were presented to different military groups in various places in Spain. The minister of defense, Narcisco Serra, who presided at one of these ceremonies in Avlia, declared, "Spain's future in NATO is connected to what goes on in the EEC." This was the very heart of the message or "word" that Helmut Kohl left in Madrid: that the economy and the security of Europe are two

aspects of one single reality. Or, as Prime Minister Gonzalez said as long as a year ago in Bonn: "The integration of Spain into the EEC is a question of security."

The problem lies in the fact that time is just what the chief executive does not have. He has not begun to carry out an campaign of information to convince the people. He probably will not be able to initiate it until the end of the PSOE Congress, in the middle of next December. And by that date, if the "consultative referendum" (constitutionally they all are) is called with the obligatory time period of 3 months and the subsequent pre-election time of another three, there will absolutely not be enough time to convince anyone about the suitability of Spain's adherence to NATO.

The government's extreme delay in focussing on the NATO topic could be fatal for it, and even oblige it to postpone the referendum until the second legislative session, something it wishes to avoid at all costs. It has not begun the promised information campaign, nor has it opened the national debate which was also promised, nor has the interministerial committee which is responsible for establishing the defense needs of Spain met for months, nor has there been any in-depth work within the Socialist party to gather support for the change of policy. Meanwhile the extreme Left, the "abertzales" (Basque patriots), the anti-militarists, the objectors, and the whole pacifist bunch, supported by the Socialist Left and the defeated Catalanian socialists, are enthusiastically pulling on the "human chain for peace."

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## SOCIALIST PEOPLE'S PARTY CONGRESS MAKES OVERTURE TO SDP

## Many Skeptical of Socialists

Copenhagen BERLINGSKE TIDENDE in Danish 20 May 84 p 8

[Article by Kirsten Lauritzen]

[Text] Much skepticism was expressed at the idea of a cooperation, if any, between the Social Democratic Party and the Socialist People's Party during the debate yesterday of a manifesto on a workers' majority at the national congress of the Socialist People's Party at Soborg.

"The Social Democratic Party is such a hard party to cooperate with that I would not like to become its partner in a cooperation," said Lars Meier of the program committee of the Socialist People's Party during the debate yesterday of a manifesto on a workers' majority at the national congress of the Socialist People's Party. The manifesto states, among other things, that a workers' majority would consist of at least two parties, which would take into consideration the programs of the parties involved.

The Socialist People's Party regards a cooperation with the Social Democratic Party as the only parliamentary possibility of an alternative to the non-socialist government and states in its manifesto that it is now up to the Social Democratic Party to show how far it intends to go to achieve a workers' majority.

The manifesto was adopted after a debate lasting for approximately 3 hours, but, during the debate, the Social Democratic Party was constantly the target of criticism from the Socialist People's Party.

Many delegates expressed great skepticism with regard to a political cooperation with the Social Democratic Party. In that context, it was proposed instead to intensify the political and organizational work within the party itself as it was felt that the Social Democratic Party was not mature for a cooperation. Here, a great many of the delegates based their statements on their experience from work within municipal boards together with the Social Democratic Party.

"In many municipalities, the Socialist People's Party already has a workers' majority together with the Social Democratic Party. However, do the Social Democrats there listen to the opinions of the various movements and organizations?" Lone Hindø, a member of the city council of Århus, asked. "No, the Social Democrats do not care two hoots about a cooperation with us. Instead, they carry through the plans of the nonsocialist government. I base this claim on several years of disappointing cooperation with the Social Democrats."

Lone Hindø was supported by Kirsten Hein of Aalborg, who did not either have much confidence in a workers' majority. "I hope that it will be possible. I am ready to find a political common denominator with the Social Democrats, but one of the problems is that the Social Democrats regard us as ignorant voters who vote as they are told. In addition, we support the idea of giving the individual person greater responsibility, and, in that context, the Social Democratic Party is our biggest enemy," Kirsten Hein said.

Lilly Gyldenkilde, Member of the Folketing of the Socialist People's Party, said that the debate on the Social Democratic Party sidetracked the discussion, and, in that connection, made an inflammatory speech, which won much applause from those assembled in the congress hall. "The relations with the Social Democratic Party do, indeed, take up rather too much of the time of this national congress. However, it is not only the Social Democratic Party that we have to discuss. We are here, first of all, to discuss the content of the manifesto," she said. "We are not about to tolerate a reduction of the daily unemployment benefits of the unemployed by 1987 to 70 percent. That is why we have to come up with a realistic alternative. For if the Social Democrats will not do it, we will."

#### Need for Membership Campaign

Copenhagen BERLINGSKE TIDENDE in Danish 20 May 84 p 8

[Text] The Socialist People's Party has only 7,000 members out of a number of voters of 400,000. The organizational work is marked by chance, members hold.

The organizational percentage within the Socialist People's Party is too low, says the executive committee of the party. The Socialist People's Party has scarcely 7,000 members and a number of voters of scarcely 400,000.

"Too many members do not feel sufficiently committed by the requirements of a party membership. We are still much too weak when it comes to collections on the part of the party. There is still a far too great desire among many members of the party to allow the organizational work to be marked and decided by chance events and own impulse, where, instead, it should have been the collective decisions which should have been decisive," it appeared from the organizational report presented at the national congress of the Socialist People's Party yesterday.

The proposed working plan for the Socialist People's Party for 1984-86 of the executive committee says that the profile of the Socialist People's Party will have to be marked especially by taking up the question of a workers'

majority, by working within the peace movements, by taking peace policy initiatives within the Folketing, and by safeguarding the viewpoints and demands of the Socialist People's Party through a formulation of union demands. In addition, the work of the Socialist People's Party on the local level will have to be stepped up in conjunction with the municipal elections in November of 1985.

A draft peace policy statement was, moreover, presented at the national congress yesterday. The statement points out that the Socialist People's Party wants a peace movement which is as strong and effective as possible. "The Socialist People's Party does not find that all of the standpoints expressed by the peace movement are equally right. However, if the main objective is to put an immediate end to nuclear armaments, they are justified and legitimate in the joint struggle."

#### Plans for Party Journal Postponed

Copenhagen BERLINGSKE TIDENDE in Danish 20 May 84 p 8

[Text] At the national congress of the Socialist People's Party, Flemming Sørensen, member of the party organ committee of the Socialist People's Party, levelled sharp criticism against the executive committee of the Socialist People's Party for not having lived up to the decision adopted at last year's national congress. At the time, it was decided that the Socialist People's Party would work for the publication of a new socialist weekly, SOCIALISTISK WEEKENDAVIS, on 1 October of this year.

"It is extremely important to get that paper started in order for the policy pursued by the Socialist People's Party to reach a larger section of the population without censorship. However, the executive committee does not have the spirit to launch such a paper," Flemming Sørensen said.

"So far, we have only managed to collect approximately 200,000 kroner toward the initial capital. The goal was to collect 2 million kroner by 1 September. This goes to show that the executive committee has not been able to live up to the ambitions of last year's national congress, and that the project has not been taken seriously."

As far as BERLINGSKE TIDENDE has been able to ascertain, there is a great lack of confidence among the members of the Socialist People's Party in the realization of the project. Several delegates said that the reason why it had not been possible to collect more funds was that the majority of the members of the party actually do not want such a paper.

#### Congress Approves Unilateral Disarmament

Copenhagen BERLINGSKE TIDENDE in Danish 21 May 84 p 7

[Article by Kirsten Lauritzen]

[Text] A majority at the national congress adopted a peace policy resolution which largely advocates unilateral disarmament and freedom



to pursue peace work in the East and the West. According to the Socialist People's Party, the task of the peace movement must be to work for unilateral disarmament steps.

"Soviet missiles will have to be mentioned by name in order for no doubts to arise that they share the responsibility for the armaments race," Jens Thoft, Member of the Folketing for the Socialist People's Party, stated yesterday at the national congress of the Socialist People's Party.

At the congress, a majority adopted a peace policy resolution which largely advocated unilateral disarmament and freedom for peace work in the East and the West.

According to the Socialist People's Party, the task of the peace movement must be to work for unilateral disarmament steps.

The resolution states that both superpowers may reduce their nuclear arms arsenals quite considerably without any military and political risks.

There are no obstacles, as far as security is concerned, to unilateral disarmament steps--neither in the East nor in the West.

The resolution goes on to say that suppression of unofficial peace movements and of the democratic opposition in the Soviet Union and Eastern Europe considerably hamper the work for a stable peace and lasting relaxation.

The goal still is to get Denmark out of NATO and to work for a dissolution of bloc formations.

In addition, the party will work to improve the possibilities of the United Nations to perform its task as a peace-preserving factor.

In its peace statement, on the basis of its basic anti-alliance position, the party, moreover, rejects doctrines which give the Soviet Union the right to intervene automatically in the affairs of other countries.

#### Too Little Time for Debate

During the debate at the national congress, some of the delegates complained that there was not enough time to discuss the content of the resolution.

Gert Petersen, party chairman, stressed the necessity of voting for the resolution, which would strengthen the efforts within the peace movements.

"It is, for example, due to the pressure of a strong peace movement that the Social Democratic Party has lately been voting together with us on some security policy questions," Gert Petersen said.

The national congress, moreover, adopted a resolution which stressed the necessity of providing immediate funds for the municipality of Copenhagen to help the city solve its serious economic problems.

On the long view, the problems of Copenhagen will have to be solved in conjunction with the situation in other municipalities by changing the grants of the state, the party says.

#### Appeal to SDP Approved

Copenhagen BERLINGSKE TIDENDE in Danish 21 May 84 p 7

[Text] "A future workers' majority will lead to the downfall of the non-socialist government," Gert Petersen, chairman of the Socialist People's Party, said yesterday following the adoption by the national congress of the Socialist People's Party of its chief political statement.

The said statement says that a workers' majority would become possible if the Social Democratic congress next fall would crown the cooperation of the last couple of years with the Socialist People's Party by adopting a decision which may lead to further positive cooperation with the Socialist People's Party.

The alternative to the present nonsocialist government must be based on an alliance with the working class.

The said alliance will have to concentrate its efforts on replacing the non-socialist majority within the population and the Folketing by an effective workers' majority. This is only possible if every workers' party recognizes this, the statement goes on to say.

The Socialist People's Party will work for this recognition to gain ground even if that work is associated with considerable difficulties because obsolete traditions of monopoly and bureaucratic attitudes have deep roots within the movement--not least within the labor unions.

#### Sharper Criticism of USSR

Copenhagen INFORMATION in Danish 21 May 84 p 3

[Article by v-v]

[Text] The party, however, desists from calling the Soviet Union "imperialist."

Last Sunday, the national congress of the Socialist People's Party adopted a peace policy resolution which, in a number of areas, sharpens the criticism of the Soviet Union compared to the original draft resolution, which was written, among others, by the chairman of the Socialist People's Party, Gert Petersen, and the party's spokesman on defense policy matters, Jens Thoft.

The resolution adopted, however, does not stamp the Soviet Union as an imperialist power and condemns the United States for taking the lead in the armaments race.

In its resolution, the Socialist People's Party establishes "that the Soviet Union today uses the same unacceptable superpower logic as the United States and, therefore, carries a considerable responsibility for the international tension and armament."

The Socialist People's Party says, however, that, on account of the country's economic structure, the Soviet Union has not got a built-in imperialist compulsion and that the armament of the West "cannot be ascribed to any desire on the part of the Soviet Union to achieve supremacy in the world."

The resolution criticizes the Soviet Union for its militaristic attitude toward its neighboring countries and "rejects any doctrine which gives the Soviet Union an automatic right to intervene in the affairs of other nations."

Despite the "acceptance by the Soviet Union of the balance of terror as a peace-preserving instrument," the Socialist People's Party finds that the Soviet Union has made "a number of positive disarmament proposals, which have all come to nothing on account of resistance in the West."

The resolution says that "since armament does not stimulate the economy of the Soviet Union but, on the contrary, is a heavy economic burden, the said proposals must be considered to be sincere."

A proposal to place the support of democratic opposition in the USSR and Eastern Europe on the same level with the support of the struggle of third world countries against imperialism was defeated.

Mere Nonsense

Magrete Auken, Member of the Folketing, criticized the resolution, claiming that it was mere nonsense and that its sole purpose was to ensure peace within the peace movement.

She says that sharper criticism of the Soviet Union is necessary, and that the Socialist People's Party must accept a showdown with the Communist Party in the peace movement.

"It has a paralyzing effect on the peace movement that peace within the movement is more important than anything else," Magrete Auken says.

Magrete Auken's statement caused Gert Petersen to mount the rostrum.

"Denmark has got one of the world's strongest peace movements. It is the peace movement which has shaken the position of the Social Democratic Party nine times of recent years. That is why there is a need to maintain the peace within the peace movement," he said.

The resolution says that "the Socialist People's Party will work for a dissociation on the part of all united efforts within the peace movement from nuclear armament in the East and the West and for freedom for peace work everywhere."

## New Executive Committee Elected

Copenhagen INFORMATION in Danish 21 May 84 p 3

[Article by v-v)

[Excerpt] Twenty-one of the 39 members of the executive committee of the Socialist People's Party were elected at the national congress. Gert Petersen was re-elected party chairman without any candidates running against him, and three of the members of the executive committee who offered themselves for re-election were not re-elected, among them one of the veterans of the Socialist People's Party, Arne Larsen, auditor of public accounts. He was, however, elected as alternate.

Among the eight newly elected members of the executive committee are Holger K. Nielsen, former Member of the Folketing, one of the driving forces of the "green" wing of the party, Christian Bundgaard, Århus, and former Member of the Folketing Ib Bjørn Poulsen, Frederikshavn.

The labor market policy spokesman of the party, Lilli Gyldenkilde, received most votes (167). Ebba Strange, chairman of the Folketing group, became number two (159), and the deputy chairman of the party, Aage Frandsen, became number three (131).

Nine out of the 21 members are women.

## Search for 'Workers' Majority' Elusive

Copenhagen BERLINGSKE TIDENDE in Danish 21 May 84 p 10

[Editorial: "Workers'Majority"]

[Text] At its national congress, the Socialist People's Party was gratified to note that the voter support of the party from one election to the next has become fairly constant. Gert Petersen, therefore, is not entirely unjustified in claiming that the party no longer should feel in an inferior position, neither toward the Communist Party nor toward the Social Democratic Party.

But what does the party intend to do with its constant voter support? This is the question which has remained unanswered, also after the congress. The thing is that, to a higher degree than has been the case in many years, the Socialist People's Party is in a position from which it is difficult to discern its actual influence. As before, there is now talk about the need to remove the present government, and the need to achieve a "workers' majority." However, it is beyond the power of the Socialist People's Party to have the first desire fulfilled, and achieving a "workers' majority" is equally difficult.

The prospects of achieving a "workers' majority" actually are gloomier now than in many years. There are no prospects whatsoever that the Social Democratic Party and the Socialist People's Party may together achieve a majority. For

that reason, it will, in any circumstances, be necessary to look either to the right or to the left for cooperation partners. However, it has, first and foremost, become increasingly clear that the Social Democratic Party is not at all prepared to enter into a cooperation with the Socialist People's Party to form a government, should such a possibility appear. In the midst of the gratification of the Socialist People's Party at its own ability to attract voters, it is probably clear to the more sober-minded members of the party that the Social Democratic Party and the trade union movement do not intend for the voters of the left wing to decide matters in a cooperation. There is no policy on which to cooperate, for the Social Democratic Party does not want to pursue an economic policy on the conditions of the Socialist People's Party. Nor is there any joint interest, as far as voters are concerned, for the Social Democratic Party is doing everything in its power to combat the tendency, especially among younger voters, of going over to the Socialist People's Party.

To this comes, furthermore, that the very trade union movement is obstructing any cooperation. At the congress of the Socialist People's Party, there was talk of the need for a democratization of the trade union movement. There is such a need, but the Socialist People's Party is quite well aware of the fact that a democratization of the trade union movement would be tantamount to cutting into the flesh and blood of the Social Democratic Party. There is no possibility of pursuing the line which was indicated at the congress: That it would be possible to cooperate with the Semi-Skilled Workers' Union but not with the Metal Workers' Federation. So far, the trade union movement is sticking together. It may be possible to wear it down through a long-lasting process, and because it is being torn at from many sides. However, it will certainly not improve relations between the Socialist People's Party and the Social Democratic Party if Gert Petersen and his party soldiers launch a strategic attack on the Federation of Trade Unions. The result will be increased tense relations between the two workers' parties--and a workers' majority will have increasingly dim prospects.

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## COALITION GOVERNMENT EMERGES FROM ELECTION RESULTS

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jun 84 p 5

[Article by Michael Ehrenreich]

[Excerpts] Siumut (socialist, radical home-rule party) became Greenland's largest party in the elections to the local Greenland government. Jonathan Motzfeldt continues as prime minister after Atassut (moderate, pro-Denmark party) last night proposed him as chief negotiator. The party leaders are agreed in advance that Greenland cannot live with a new minority government.

Greenland will probably for the first time ever get a government consisting of several parties after the local government elections, which became undecided between the two large parties, Siumut and Atassut, whereas the left-wing party, Inuit Ataqatigiit (pan-Eskimo party) advanced.

The local government elections did not solve Greenland's political crisis. On the contrary, the voters left the politicians with an even more complicated situation without any obvious victor, and the negotiations on the formation of a new local Greenland government, therefore, are expected to become prolonged.

Last night, Atassut recommended Jonathan Motzfeldt as chief negotiator, and, subsequently, the leader of Siumut met with the two other party leaders for introductory probings.

Already on the eve of the elections, acting prime minister Jonathan Motzfeldt ruled out the possibility of a new Siumut minority government without political agreements with one of the two opposition parties, and he advised others against making the attempt.

"After the introduction of an 'overthrow section' in the election act, Greenland cannot live with another minority government, and I, at least, do not want to run the risk," he said. Otto Steenholdt of Atassut also ruled out the possibility of a minority government and recommended a cooperation with Siumut.

The leader of Inuit Ataqatigiit, Arqaluk Lynge, said on the eve of the elections that the gains made by the party pointed to a cooperation between Inuit Ataqatigiit and Siumut. As a condition for an agreement he demanded posts within the coming government.



In the election, Siumut took the place of Atassut as the largest political party in Greenland, but it was merely a question of a difference between the two parties of 10 votes. Both parties will now get 11 seats as against 12 seats in the previous government.

Inuit Ataqatigiit will probably advance from two to three seats, but it is touch and go as far as the third seat is concerned, the margin being only 22 votes, and the matter will only be finally decided in a renewed examination of the ballots. The seat is a supplementary seat and cannot be given to any other parties. The Greenland election act provides 23 seats in the Greenland parliament, obtained by election in a multi-member constituency and, at the most, three supplementary seats, but all of the three supplementary seats need not necessarily be released. The new Greenland parliament will, therefore, get 24 members or, what is more likely, 25 members, whereas the former Greenland parliament had 26 seats.

#### Steenholdt Gathering Large Numbers of Votes

The political leader of Atassut, Otto Steenholdt, obtained the largest number of votes in the Greenland elections. Otto Steenholdt obtained 1996 votes in the middle constituency, while Acting Prime Minister Jonathan Motzfeldt, Siumut, obtained 1486 votes in the southern constituency.

Neither of the two prominent politicians did, however, reach the level of former Atassut chairman Lars Chemnitz in last year's election, when he received 2511 votes.

#### First Woman in Greenland Parliament

The elections gave the Greenland parliament its first female member ever. She was Emilie Lennart, Atassut, elected by the middle constituency. Should Inuit Ataqatigiit get its third seat, Henriette Rasmussen, a member of the municipal board of the city of Nuuk (Godthåb) will be elected as a new member.

#### Southern Dane Elected

Jar Streit Christophersen, Atassut, was elected by the middle constituency. He will replace Allan Idd Jensen, Atassut.

In addition to Jonathan Motzfeldt, the following members were re-elected from the acting Greenland government: Moses Olsen, Lars Emil Johansen and Hendrik Nielsen. Greenland Minister of Culture and Education Steffen Heilman offered himself for re-election but was not elected. The same thing applied to Greenland Minister of Social Affairs Agnethe Davidsen.

President of ICC (Inuit Circumpolar Conference) Hans Pavia Rosing, Siumut, was not re-elected. On the other hand, Member of the Danish Folketing Preber Lange, Siumut, was re-elected for the Greenland parliament.

The press subsequently estimated the participation in the elections at nearly 65 percent as against 75.1 percent in last year's elections.

Siumut got a total of 9,947 votes (44.20 percent) as against 10,371 votes (42.45 percent) in 1983. Atassut got 9,849 votes (43.76 percent) as against 11,444 votes (46.85 percent) and Inuit Ataqatigiit got 2,708 votes (12.04 percent) as against 2,612 votes (10.69 percent) last year.

## VOLVO CHIEF GYLLENHAMMAR LEAVING LIBERAL PARTY LEADERSHIP

Stockholm DAGENS NYHETER in Swedish 24 May 84 p 6

[Article by Sven Svensson: "Not Enough Time"]

[Text] Volvo Chief Pehr G. Gyllenhammar will be leaving the leadership of the Liberal Party at the party's national convention in November on account of lack of time. Gyllenhammar announced this in an official communique last Wednesday. The leadership of the Liberal Party had hoped that he would stay on with them.

Pehr G. Gyllenhammar was traveling in the United States on Wednesday, on Volvo business.

"Some time ago, I informed Bengt Westerberg that I cannot be available for reelection to the leadership of the Liberal Party," were the words used in the communique distributed by Gyllenhammar. "When I came into the party leadership, the party was in a state of crisis. I was therefore able to play an active part in the so-called 'shipwreck committee' which drafted out and defined the points of departure for the party's further development.

"The Liberal Party now has a new leadership, and a more stable basis to build on for the future.

#### Increased Responsibility

"My work in the leadership of the Liberal Party has been stimulating and significant. But in the light of my increased responsibility as chairman of the board for Volvo, I must refrain from further involvement in the leadership of the Liberal Party," the communique said.

The national convention of the Liberal Party will take place on 23-25 November in Stockholm. Preparations for the nomination of candidates for various offices within the Liberal Party have not yet even begun. Not until August and September will the electoral committee, chaired by Lennart Olsson of Goteborg, start asking members of the party's leadership committee if they wish to step down or stay where they are.



"We have had a feeling that Gyllenhammar would give up the party leadership because of time," said the chairman of the Liberal Party's Goteborg section, Lars Nordstrom.

"We have absolutely not entertained any desires that he should leave the party leadership. Gyllenhammar received more votes than anyone when we elected the members of the party's leadership committee," Nordstrom said.

Inside of the Liberal Party directorate, they are saying that Gyllenhammar did a good job in the party leadership, but that because of the time element he was not able to participate in all of the committee meetings.

"I am sorry that Gyllenhammar does not have time to continue as a member of the party leadership," said policy leader Jan-Erik Wikestrom. "We definitely have reason to be grateful for the work that he did in the reconstruction of the party after the 1982 electoral defeat," Wikstrom continued.

Others voted in at the same time as Gyllenhammar in the Liberal Party leadership were Professor Jorgen Weibull and Bank Director Hans Cavalli-Bjorkman. Both of these persons are also seen as having brought valuable expertise to the job. They have been more faithful attenders of the meetings than Gyllenhammar, however. Jorgen Weibull has particularly been considered to have made valuable contributions.

9584

CSO: 3650/204

## ARMY TO TEST NEW TANK STRATEGY IN MANEUVERS

Vienna DIE PRESSE in German 9 May 84 p 3

[Article by Peter Zehrer: "Tank Strategists Have Different Ideas--The Army Is Testing a New Concept"]

[Text] For all intents and purposes, the defense of Austrian airspace is a dead issue. When 2 weeks from now the 9th "pushbutton" Brigade of the federal army takes its final exam, which at the same time will be this year's largest federal army maneuver, there will be very little talk about air cover. Attention is concentrated on combat at ground level--and new ground is to be broken in this.

Until a few years ago, the federal army's tank strategists belonged to a generation which was still guided by the concepts of Guderian and other legendary commanders. Whenever in the past a tank commander started a counter-attack during maneuvers, he always did so at dawn, using the old "school" assumption that the "enemy" had come to a full stop and would therefore himself require something of a start-up phase.

That is old hat. The tank commanders of the younger generation have learned to live with different operational assumptions. Accordingly, their tactics will be different during the highly symbolic exercise named "Januskopf [Janus Head] 84", which will take place on the classic terrain south of Amstetten 2 weeks hence.

These maneuvers will not merely involve the deployment of armored forces in defensive actions; they will also test from a new viewpoint the integration of the Landwehr [militia] and fortifications, which were built long ago, in defensive combat.

It is certain that defense based on fortifications involves only a fraction of the defense capability. It is certain also that the mobile counterthrust must not be oriented toward conventional norms, but that it must be feasible at any time. That is the reason why the armored force of the federal army has lately decided on a maximum deployment time of 1½ hours, during which its forces must hit the road.

Thus we have a new generation in the army which has come up with new concepts dealing with conditions which are far removed from those of the great tank battles of World War II. In the "Januskopf 84" exercise, so named because it symbolizes a defensive readiness in every direction, we will find out whether the alert force really deserves its name.

The pending negotiations for the Netherlands' Centurion tanks are of course highlighting this exercise also. This is a fact even though one cannot tell as yet whether or not at least the turrets of those museum-piece vehicles will soon represent a major feature of the Austrian defense establishment.

The armored force is no less unhappy about the publicity attending the Centurion negotiations than are the militia units. There can of course be no doubt that the Centurion is a particularly effective piece of equipment which is still in use by the Israelis, for example.

There is no doubt either that the federal army cannot afford to introduce a different type of tank, and one which because of its age would entail severe maintenance difficulties, after having made a change to U.S. tank types. Speculation to the effect that tank battalions like the one in Graz (PzB 4) could be reequipped with Centurions are more than untenable. The only conceivable thing would be the use of tank cannons in the fortified areas.

A tank gun is worth 7 million schilling on the international market. Thus if the Austrian federal army were to buy a complete Centurion for 100,000 schilling (a price which reflects the dire political situation of the Netherlands sellers), this certainly represents a good deal. Even if the tanks themselves were actually to be junked, this would provide a unique opportunity for the army to strengthen the defensive wall which is not as a rule talked about.

In actual size, "Januskopf 84" is a small exercise by international standards. The degree of attention accorded to it even now by foreign observers indicates that it may turn out to be a milestone exercise as concerns the Austrian area defense concept.

9273

CSO: 3620/319

## DEFENSE MINISTER ENGELL SEES NATO 'DIVISION OF LABOR'

Copenhagen BERLINGSKE TIDENDE in Danish 18 May 84 p 4

[Article by Kermit Nørlund, Brussels: "Denmark: New Combat Materiel Becoming Too Expensive"]

[Text] Defense Minister Hans Engell wants to have NATO study possibilities for "division of labor."

Defense Minister Hans Engell warned yesterday at NATO's spring meeting that the smaller NATO countries like Denmark, for example, can have a very difficult time in the future of maintaining the present quality and scope of the procurement of materiel. For this reason Engell proposed that the alliance consider a "division of labor" among NATO members. At the same time he pointed out that the smaller countries' problems in procuring new technology ought to be taken into account.

"New technology is simply becoming so expensive that we are not able to procure it to a sufficient extent. Even the most advanced airplane can only be at one place at a time. And if we take the Danish F-16 project, for example, in three years it has swallowed up 65 percent of the armed forces investment budget. It is hard to imagine how we will afford the planes which will replace the F-16's in a number of years," Hans Engell said.

The defense minister acknowledged that both economic and political conditions can make specialization or a division of labor within NATO difficult to carry out, but he thinks that it is decisive that the attempt be made.

Holland came under very strong criticism yesterday because the country has still not decided whether it intends to live up to NATO's dual resolution and accept the deployment of 48 cruise missiles. The Dutch tried to plead that certain reservations had been made already in 1979, but this interpretation of the events of five years ago was swept off the table yesterday by all the countries.

In the concluding communique from the NATO meeting Denmark has reservations about the section concerning the deployment of the new nuclear missiles. There were no Danish reservations in the homage to Secretary General Joseph P. Luns from the defense ministers on the occasion of Luns' departure in June. The Brussels meeting was also the last one for Danish Armed Forces Chief Knud Jørgensen, and he was praised by Luns for his contribution.

## WOMEN'S EMERGENCY CORPS WOULD BE ACTIVATED DURING MOBILIZATION

Copenhagen BERLINGSKE TIDENDE in Danish 20 May 84 Sect II p 2

[Article by Jane Åmund: "The Rambling Woolen Blankets Who Take Responsibility Seriously"]

[Text] The Danish Women's Reserve organization is growing. The outdoor life, comradeship and opportunity for sensible activity in crisis situations are attracting many. But it is fun, too--not least in a nighttime orientation race. Jane Åmund was along in the dead of night at the Frøslev camp.

On a quiet Jutland plantation suddenly some branches crack. Running footsteps and heavy breathing are heard. A woman with drenched hair, a magnifying glass around her neck and a map in her hand comes running across through blackberry bushes, tussocks and piles of branches. She runs up a steep hill. There is a flag with a plastic bag hanging in a hollow. She smiles in delight at the sight of the flag and plastic bag, sticks her hand down, fastens something, and dashes off again.

All through the night the plantation is full of mysterious sounds and events. Now and then a light flashes in the dark and fog. For it is so dark here that it is as though a heavy Jutland goosedown quilt has been pulled down over the spruces.

A voice close by talks to itself in exhaustion: "Oh, hell, I'll let out a hoot then. So, it was that way. Damn, was I lucky." The light and the voice disappear. A small woman stands at the plantation entrance and marks time in baggy pants. Here eyes stare into the dark. "I will take off in a moment," she says when we go by.

A young girl with punk hair pops out of the woods: "Hurray! This year I didn't get lost. Boy, am I glad to see you." The mysteries are solved when a crowd of women in overalls comes along.

The nighttime and daylight orientation races for the Danish Women's Reserve are being held here on the plantation by the Frøslev camp. The women we heard and met on the way were the wife of a forest superintendent, a female mailman, a saleswoman and an office clerk. All members of DKB [Danish Women's Reserve]

are taking the yearly training course at the Frøslev camp, where they are competing for gold, silver and bronze emblems.

#### Young Are Joining

Tonight it was the feared nighttime orientation race, in which the women are let loose in the dark plantation with a forehead lamp and a map. They have to traverse a route of 8 km. Last year one of them forgot her extra battery. Suddenly her forehead lamp slowly died out and then there was darkness. Everyone has a whistle around her neck if a situation is gotten into in which help from one's colleagues is desired. But it is possible to become so frightened and afraid of the dark that you forget to blow the whistle. The girl without the extra battery found her way home herself. In contrast to an older cheerful lady who perseveringly continued over the boundary and had enough left over to laugh about it when after many hours of rummaging around in the dark was found and brought back to the camp again.

The Danish Women's Reserve has had a big recruitment of new members the last couple of years. Now it is young people from 16 and up who are joining. These are women from all over the country, from different environments with different backgrounds and educations. But there is something they have in common. They are happy to take on responsibility. They want to get out of a passive role which makes them afraid at a time in which there is talk of what would be done if the most terrible were to happen.

The Danish Women's Reserve does not bear arms. They come under the Ministry of the Interior, and not under the Defense Ministry. Their function is to do public service in catastrophe situations in peacetime. They are to help in the community where there is no money for paid assistance. For example, at large sports events, mass meetings, and in work for the handicapped. It is a reserve organization which will also be put into action in a mobilization situation.

The DKB comes under the Civil Defense System but operates as an independent women's organization.

#### The Gray Woolen Blankets

The DKB, as so many other women's organizations, has had to combat myths which would ridicule them: "Oh, the DKB. They are the rambling woolen blankets who will make marmelade when the Russians come." But women in all women's associations, women's clubs and organizations have learned to live with the myths and the laughs. They just do their job and fight for their opinions. The women in the DKB have thought over the most difficult question a woman can be asked: "Will you some day when you are needed be able to leave your children with another woman in our childcare system in order to go out and help your fellow countrymen?"

Inga Christensen is the name of the head of the DKB. She does not bear the remotest similarity to a woolen blanket. She is well groomed and sporty, with a humorous twinkle in her eye and good repartee. It is not possible to make

her fit notions regarding the head of a women's corps. She is a lady to her fingertips, but also capable of walking 40 km in DKB's marathon marches, including the Nijmegen March in Holland.

She fights for her DKB'ers on all fronts, and she does it so well that they still have not succeeded in integrating the DKB'ers into the Civil Defense League. In her opinion, the DKB must continue to be a women's corps because she maintains that men generally can do the same as women, but that women cannot do the same as men.

[Question] What difference is there between men's and women's work in the Civil Defense System, Inga Christensen?

#### Men and Women

[Answer] "I of course advocate equality, but there are still positions which are far more well suited to men, and others to women. I do not think that it is good to at all costs want to make it so that women and men are used for the same work, when it does not work. Here I believe that they have gone too far in the sacred name of equality. At a women's corps conference in Stockholm I heard Israeli officers tell why they no longer have women up front in the front combat units. It was learned that mixed combat groups were not nearly as strong as groups which consisted exclusively of men. The women became physically tired more quickly because of the very heavy packs, heavy small arms, etc. When they were captured, women broke down more easily under torture, and when they were raped, which was used as torture to an extensive degree, their male colleagues in the combat unit broke down more quickly, since they wanted to protect them out of a primeval instinct. Now women are used in just as important posts behind the front, where they are very effective. Here there is need for a strong psyche, and they are really well suited for this."

"In North Norway the Norwegian survival groups have questioned mixed units. They have to make lighter small arms for women or let the male soldiers lug more. They are still trying in the name of equality, because they would like to be positive in this matter. It is also said within the Civil Defense System that men and women can and should be able to do the same. But the reality is something else. Our ambulance girls say that under difficult conditions they will not be able to haul 70 to 80 kg up into a VW pickup, and even the big, strong, tough girls we have for operating fire hoses under full pressure think it is difficult. And they have just tried it in exercises, and not during a panic and for hours on end. I cannot see that it is discriminating to leave physically demanding jobs to men and then bring women into action where they are best. The whole idea behind DKB is to have a good and useful pool of women who, if the occasion should arise, can come in and help to solve problems efficiently. In situations which are important, it does no good to just experiment whether it is possible to manage the same as a man, where it is a job which is to be done perfectly. We want to help the Civil Defense to solve problems, and we will do this by being prepared if an acute need for extra help arises."



## Modular Training

[Question] What kind of training does one receive in DKB?

[Answer] "We have two sections. An emergency preparedness section and a special section. After basic training, students are free to choose where they will do service. They can choose to remain in the emergency preparedness section and train as emergency DKB'ers. There are many exciting offerings and activities. Special courses in various kinds of athletics. Self defense, cross-country sports. Leadership training. Training within our childcare system. Special training provides access to the ambulance service, the food service, advanced first-aid courses, and courses in elementary health care and nursing."

"DKB'ers with special training take part in large sporting events and mass organized events like the Roskilde Festival, for example. There is training in firefighting, rescue and demolition. This year we are happy to have five teams in the Danish championships in cross-country sports. There is just as much use for these two categories of women."

[Question] Why are the very young joining DKB?

[Answer] "It is the mouth-to-mouth method. Women spread the word around that it is interesting and fun to take part. There is fantastic comradeship on a very special plane here. It is an all-round public service where they can choose interesting modular training. Something many young people appreciate at a time when there are not so many who pay attention to them. It costs nothing to be a member, and the training and uniform are free. All leaders are unpaid. The only thing you have to have is an excess of energy and a desire to help your fellow countrymen. We are a humanitarian corps and are not trained for military service. Women must be between the ages of 16 and 65. They must be physically and mentally healthy and have an ordinary school education. We have a good need for all kinds of women."

"None of the dividing lines we know from our everyday lives exist among us. You are accepted in another way. Women are away from the norms and demands of the family. They have just like their own planet here. They receive both mental and physical challenges and then there are a lot of laughs here. It does one good. There are certainly many of the girls' employers, husbands and children who would be surprised if they saw their employees, wives, sweethearts and mothers unfold here and do things they never would have believed they could do."

8985

CS0: 3613/174



## NAVY'S DEVELOPMENT PLANS FOR NEXT TEN YEARS

Stockholm MARIN NYTT in Swedish No 2, 1984 pp 2-5, 8

[Text] Navy Prepares for 1990's

During the first year following the 1982 defense decision, there were a number of events that radically altered the financial assumptions underlying that decision. A very rapid and considerable rise in the value of the dollar, combined with the effects of devaluation and a reduced budget, created a very tight cash situation that still exists.

It is gratifying that political agreement was finally possible concerning the need to allocate more funds to the Armed Forces and that a decision on guidelines could be reached in a spirit of unity. The recent political agreement to increase the defense budget by 600 million kronor per year beginning in 1984-1985 means that the most difficult cash problems can be taken care of in the immediate future.

The additional money does not mean, however, that planning can be resumed at the level established by the 1982 defense decision and Parliament's 1983 decision on defense. About 7,225 million kronor would have been needed for the period from 1982 to 1990 to make that possible.

What this means for the Armed Forces is that, in keeping with the political guidelines, the cutback in air defense is being reduced, antisubmarine capability is being partially provided for in both the short and the long term, the cutback in minelaying capability is being slowed down, and the army's development of electronic warfare does not need to be postponed.

The thing that is a little disappointing, despite the not inconsiderable additional funds mentioned above, is that it should take a cash crisis in the Armed Forces (due to budget cutbacks and exchange rates) to make the defense politicians realize how impossible the defense force's requirements and missions are in terms of the finances provided.

Before the 1982 defense decision, the government of the time assigned a financial planning level which later, because of various revisions to the missions,

would have required between 2 billion and 3 billion kronor more than was provided by the defense decisions of 1982 and 1983. Unfortunately, this means that there has been no break in the trend established by the 1968 and 1972 defense decisions. The table below shows that at constant prices, the defense budget in 1982-1983 was 230 million kronor per year less than in 1972-1973.

Defense Budgets in Millions of Kronor

<u>Fiscal year</u>	<u>Current prices</u>	<u>Constant prices (1)</u>
1972-1973	7,315	17,630
1973-1974	7,816	17,480
1974-1975	8,922	17,850
1975-1976	9,834	17,410
1976-1977	10,701	17,040
1977-1978	12,314	17,780
1978-1979	13,707	18,220
1979-1980	15,378	18,520
1980-1981	16,675	18,240
1981-1982	18,355	18,350
1982-1983 (2)	19,111	17,400 (4)
1983-1984 (3)	20,489 (5)	

Source: Ministry of Defense statistics and budget bill for the year in question.

1. At 1981-1982 price levels. Prices were converted taking the implicit GNP deflator into account.
2. Authorized application of funds for 1982-1983.
3. Estimated application of funds, including estimated price compensation for 1983-1984.
4. Preliminary figure.
5. Including 46 million kronor for the Ministry of Defense.

The consequences of this financial situation are reflected in the development of the wartime organization between 1972 and 1982, when there were drastic changes in air and naval defenses. Naval defense in particular has experienced serious consequences as far as our credibility as an alliance-free nation is concerned.

It now seems that this financial situation will continue, at least during one more 5-year period. As far as the military authorities are concerned, and especially in the navy's case, this development does not at all correspond to developments in our immediate vicinity.

### Changes in Wartime Organization

<u>Wartime units</u>	<u>1972</u>	<u>1982</u>	<u>Change</u>
Infantry brigades	20	20	
Norrland brigades	4	4	
Armored brigades	6	4	- 2
Destroyers and frigates	20	2	-18
Torpedo and patrol boats	34	34	
Submarines	21	12	- 9
Mine clearance flotillas	14	11	- 3
Coast artillery battalions	34	30	- 4
Interceptor squadrons	23	12	-11
Attack squadrons	10	10 <sup>1</sup>	
Reconnaissance squadrons	10	6	- 4

1. Including five light squadrons.

#### Unit Development, Changes, Output Under Current Plans

In the wartime organization, joint radar units are being established with the air force for naval reconnaissance and other purposes. Procurement will conclude with naval patrol centers in Military Districts V and S. Systems for surveillance over and under the sea are being procured. A number of fixed observation posts are being established. The number of peacetime minefields is being increased, and mine materiel is being gradually modernized. Materiel for delimiting search areas is being procured. More picket boats have been acquired. Tests will be made with surveillance systems to be carried on aircraft and helicopters.

All of the navy's helicopter 4's are being equipped with complete antisubmarine weapon systems, and measures for prolonging their service life are being adopted. Helicopter base resources are being made mobile. Four of the air force's helicopter 4's are being converted into antisubmarine helicopters. They will be converted by 1 October 1986, but will not be turned over to the navy until the end of the 1980's, when antisubmarine helicopter units will be added to Military District S.

The destroyers will be deleted during this period. Modernization of the anti-submarine capabilities of the destroyers has not been considered, and they have not been armed since 1980. As a result, a temporary gap in shipborne antisubmarine capability has appeared. That capability will be restored by arming not only the two coastal corvettes of the Stockholm class (now on order) for advanced antisubmarine activity, but also the four coastal corvette 90's that will be ordered during the period covered by this defense decision. This will give the antisubmarine system staying power. The additional funds that have now been approved for the defense budget will make it possible to advance the date for the four coastal corvettes, and at the same time, effective antiship missile units will be added to the invasion defenses.

The patrol boats will be modified to work with the helicopters in supplementing the coastal corvettes in antisubmarine duties.

The submarine units will comprise 12 submarines. During this period, submarine 90 will have been developed and designed. The antisubmarine capability of the submarines will be improved by procuring new torpedoes and hydrophone and analysis equipment. In principle, the procurement of mine belts can be carried out under the current defense decision.

Two mine clearance vessels (M80's) are being delivered, and four more have been ordered. The mine clearance vessels are being equipped with advanced high-frequency hydrophones able to detect submarines on the sea bottom, and they will possess a degree of antisubmarine capability (fire control and weapons) for operations inside the skerries.

The setting up of shipborne amphibious battalions will begin at the end of the period covered by the defense decision. The attack capability of those units in skerry terrain will be assured by the procurement of light coastal missiles. Materiel procurement has already begun to provide those units with antisubmarine capability. In this way, the possibilities for surveillance and blocking of the skerry areas will be gradually improved.

Maintenance of the modern fixed barrier units is being assured within the areas essential to our defense. Rearming of the coast artillery battalions with modern guns and fire control equipment is in the process of completion.

The heavy coastal missile unit may be converted in the early 1990's.

Incident weapons are being developed and procured for the helicopter and shipborne systems. Research and development is underway in connection with systems for underwater patrols and the improvement of surveillance and locating capability.

The possibility of carrying out the above-mentioned programs depends very greatly on being able to continue holding down the cost of the navy's peacetime output in the future and balancing that cost against the development of the wartime organization. The investments necessary for making balanced structural changes in the peacetime organization have been moved up. Unfortunately, continued rationalization and some cutbacks in the wartime organization will still be necessary to make the desired modernization possible.

The guidelines mean that the initial strengthening of antisubmarine defense will have to take place at the expense of long-term preparedness. A balance between short- and long-term preparedness in the form of incident preparedness and the necessary output by the units for converting the wartime organization is one objective that must be achieved as soon as possible. The higher expenditures in this connection will require more funds. Based on the current guidelines, development can be outlined as shown in the table on the following page.

### Naval Development: 1983-1993

<u>1983-1984</u>	<u>1987-1988</u>	<u>1992-1993</u>
Limited fixed surveillance.	Considerably increased fixed surveillance of priority areas. Some mobile surveillance in the skerries.	Expansion in priority areas supplemented by mobile surveillance in the skerries.
Tests with antisubmarine aircraft.	Some surveillance using antisubmarine aircraft.	Three operational antisubmarine aircraft.
Seven heavy antisubmarine helicopters.	14 heavy antisubmarine helicopters, some capable of air rescue missions.	14 heavy antisubmarine helicopters.
No coastal corvettes with advanced antisubmarine capability.	Three coastal corvettes with advanced antisubmarine capability.	Six coastal corvettes with advanced antisubmarine capability.
One mine clearance vessel.	Four mine clearance vessels.	Six mine clearance vessels.

To ensure well-balanced systems of advanced materiel and personnel well skilled in the use of that materiel, we need not only to improve our units but also to adopt measures in connection with activities by commanders and the units.

Changes in the area of output by the units have therefore been adopted as follows:

1. Output by coastal fleet units has been changed as regards training content and training goals so that an antisubmarine force for training and operations can be organized. This means that training activity in the units will be changed.
2. Increased helicopter activity in Military District S.
3. Picket boats will be stationed initially on the west coast, in the Sound, on the southern coast, and on the east coast.
4. Training in the coastal artillery units will be modified to improve surveillance and the possibilities for action against submarines in priority areas. Antisubmarine companies and platoons will be organized.
5. Formal and applied exercises and test activities will be carried out.
6. Conditions for the use of controllable minefields during action and surveillance will be improved. Peacetime minelaying will be stepped up.

During the phase of expanding our antisubmarine resources, there will be an imbalance between surveillance and intervention resources. Our possibilities for detecting submarines will increase regionally, while our ability to take action will continue to be unsatisfactory. The possibilities for antisubmarine measures in our territorial waters during the 1980's will be limited. This imbalance is serious.

The antisubmarine units will eventually consist of the following resources in each of three military districts (S, V, and O):

1. Two or three light antisubmarine aircraft.
2. Five heavy helicopters.
3. Three coastal corvettes with advanced antisubmarine armament.
4. Four patrol boats.
5. Two or three mine clearance vessels.
6. Two submarines.
7. One antisubmarine company (or platoon).
8. A number of observation posts.

Based on current planning and finances, the expansion process for achieving a balanced system for surveillance and intervention is far too slow.

#### Desired Orientation

The navy chief of staff has drawn attention on many occasions to the shortcomings in the development of our naval forces. Experience with the [submarine] incidents unfortunately confirms that those shortcomings are serious.

As has been pointed out here, it has been possible to modernize some parts of the navy with materiel that we have confidence in for the future. But there are many urgent projects in the navy's plans. The problem is that the financial situation prevents them from being carried out in sufficient numbers and at the desirable time.

It takes a long time to produce new weapon systems. The antisubmarine function, as one example, is no exception in this respect. It is always easier to downgrade a function's priority and/or eliminate it than to reestablish it later--when proficiency must be established, competence in certain areas must be restored, and a rearrangement of priorities in output by the units is required.

Investment funds should therefore be made available for certain subsystems sooner than is now planned. This is necessary above all in the area of shipborne ASW, mine clearance, and coastal missiles. In other areas--where, for example, materiel is in the process of being produced--longer production runs



can yield relatively quick results. In certain areas, more money is not sufficient, and it is then a matter of assigning priorities in research activity.

The current renunciation of long-term preparedness must not become permanent. Both long-term preparedness and the preservation of emergency preparedness for the immediate future must be ensured. This requires more human and financial resources so that wartime units can be established at the same time that preparedness efforts are being made.

On the whole, the navy's share of the total annual defense budget has remained unchanged since 1958. At that time, against the background of scenarios involving a short and intense nuclear war, it was felt that developments called for reducing the size of the navy and that parts of its missions could be taken over by other weapon systems, primarily attack aircraft. That decision was not the right one. This has been shown by events as well as by years and years of studies and reports. A strong naval component is needed in the Armed Forces. What is new is that to a greater extent than the other branches of the service, the navy must have full operational capability against deliberate and extensive violations even in peacetime.

The Armed Forces must therefore be so balanced that they can really stand up to an increasing variety of situations and conflicts ranging from peacetime incidents to "twilight situations," neutrality, and war.

The navy's mission in all those situations has always been obvious to us in the navy. We are situated in an area of intersection between two big power blocs that have major naval interests in our area. If our Armed Forces are to be credible, we must be able to show not only our will but also our ability to hold our territory and protect our interests. Our military geography and technological developments give our naval forces important advantages if properly safeguarded. This requires that the navy's budget be increased.

"It is expensive not to invest in the navy."

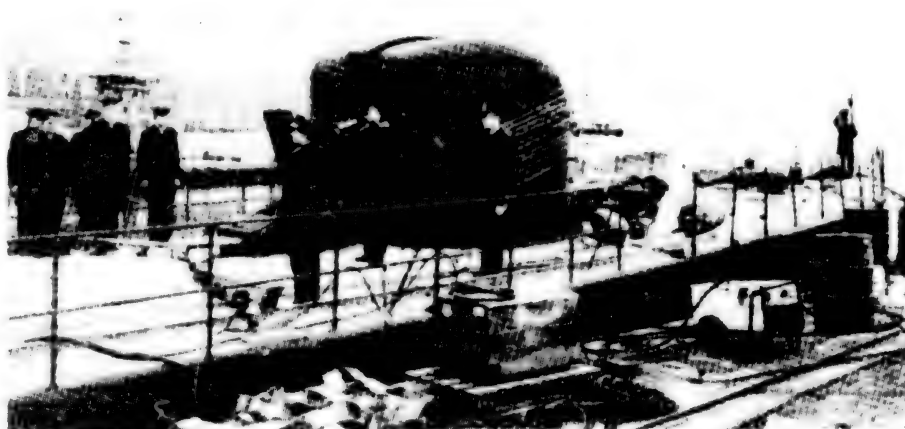
#### Missile Boats Ready Soon

The oldest of our current sea trial units will soon complete its winter work. It will be finished when the missile boat "Nynashamn" is put in trim.

The activity has been made easier by the unusually small amount of ice this winter and by the fact that the personnel have become so experienced at their work. Two-thirds of the Norrköping-class boats have now been converted to missile boats.

The photograph below was taken on 13 February as the distinguishing pennant was being hoisted on the "Nynashamn." It is no doubt also quite representative of the often rather messy appearance presented by a sea trial unit at first glance. On closer examination, fortunately, it turns out to be not at all messy but rather an indication of the busy life that is led. Flags and pennants are being hoisted on the vessel to the tune of "Parade March" as played by Seaman

Varvne (Shipboard No 01) of Molndal, who is a trumpeter in civilian life and a member of the Signal Corps on HMS "Pitea" during his military service.



#### Effective Vessel for Hunting Mines and Submarines

The new generation of Landsort-class mine clearance vessels is now in production at the Karlskrona Shipyard.

#### New Technology

In many respects, the vessels represent new technology--for example, the hull, which is made entirely of plastic, and the propulsion machinery, which consists of four Scania diesels connected to two Voith-Schneider propellers, a kind of paddle wheel that rotates around a vertical shaft. This means that the vessel can be maneuvered with extreme precision. Moreover, the technology for locating mines is itself representative of a new idea: the vessel not only sweeps for mines but also "hunts" for them.

#### Mine Clearance

The chief mission of the mine clearance vessels is to find seabed mines and neutralize them. For that purpose, they are equipped with hydrophone equipment that makes it possible to depict the sea bottom almost photographically. When a mine is discovered, a remote-controlled underwater vessel equipped with a TV camera is sent down to the seabed mine. An explosive charge is placed next to the mine, and when detonated by remote control, the explosive destroys the mine.



## Antisubmarine Warfare

Another important mission is antisubmarine warfare. The vessels can take action against submarines lying motionless on the sea floor, for example.

## Mother Ship for Unmanned Minesweepers

The Landsort can also act as mother ship for unmanned acoustic and magnetic minesweepers of the catamaran type known as SAM, the first five of which were delivered to the navy in 1983.



11798  
CSO: 3650/211

## DEMAND FOR 35-HOUR WEEK POSSIBLE TIME BOMB FOR SCHLUTER

Stockholm DAGENS NYHETER in Swedish 25 May 84 p 16

[Commentary by Bo A. Ericsson]

[Text] What is happening in Denmark?

On the surface things look quite normal. Today, Thursday, in Copenhagen the sun has come out again, and classes of Swedish schoolchildren can be spotted strolling through Tivoli. Here and there you can see decals and little badges which say "Smile and Be Happy."

By all indications, Copenhagen's buses should be running again on Friday. The newspapers will be coming out as they usually do, gasoline will be available, and the garbage strike will be over. But at the same time, various sources indicate, there are an increasing number of opposing factions on the contemporary Danish social scene, and there are a number of currents just under the surface which may lead to 1984 continuing to be a rather uneasy year.

There is already a time bomb ticking away on the labor market--the 35-hour work week. That demand--which is currently being fought over so avidly in West Germany--will be presented by the Danish Federation of Trade Unions in this fall's contractual negotiations intended to bring down widespread unemployment. If things don't go well this year, it may lead to a much larger-scale conflict than the one they had last time.

#### Causes

We tried to compare and compile a number of conversations in various locations in Copenhagen in the past few days concerning conditions in Denmark just now, about the conflict, and its causes and effects. The following themes turned out to be prominent:

Since the non-socialist government came into power in 1982, it has followed policies which have resulted in obvious improvements in the economy. Danish industry is thriving. It has strengthened its capacity to compete and has greatly increased its profits.

But the government's belt-tightening policies have been felt all too keenly by large groups of wage-earners. The Social Democrats maintain that the bourgeois government has bit by bit backed the welfare system into a corner, thereby intensifying the oppositional factors, social and political, between right and left.

In general, more and more people are beginning to think that a two-party system is emerging on the Danish political scene. The non-socialist parties are functioning better as a group than they formerly have, and they comprise a different kind of unified front than previously.

#### Hesitancy

The Social Democrats, on the other hand, have never felt comfortable in their new role as opposition party. (This situation should be familiar to Swedes, when we think back on post-1976 Sweden.) Insecurity and a certain hesitancy are apparent within the party. They even admit this in the party's main offices. A new party identity is being sought after.

At the same time, new generational opposition factors are coming to the fore. They can be seen, for instance, in areas such as security policy, the European Economic Community, and nuclear power. The younger generation of Social Democrats is asking the older generation new questions, and now it is knocking on the office doors of the party leaders. Anker Jorgensen is definitely not a non-controversial party leader at the moment.

Conditions are not favorable in the professional branch of the labor movement either. There are deep-seated disagreements between those labor unions which organize qualified industrial workers and those which organize what we call unskilled laborers here in Sweden.

On the one side, you have the Metal Workers' Union, and on the other side the Special Workers' Union (one of the participants in the bus conflict). These are the poles of disagreement in the labor arena.

Besides the internal disagreements, the labor union movement has also been threatened lately by trends toward disunification. The conflict surrounding the Copenhagen bus drivers is only one symptom of this.

#### Frontal Attack

At a time of crisis, when unions all over western Europe are finding themselves on the defensive, these rebellious trends have come to be seen as a frontal attack on the sacred ideal of solidarity. In labor circles here in Denmark, people are saying that these trends are being encouraged

by "bourgeois forces." These are some of the reasons why, in the Danish labor conflict, the unions have resorted to such a vehement counterattack campaign that they have gone so far as to fire people illegally.

This action has stirred up protests from various quarters, but there was clearly so much at stake for the labor union movement that they could see no other alternative.

At the same time, in the past few years there has been obvious discord between the Danish Federation of Labor Unions and the Social Democratic Party. Lately, though, there have been some gains in rebridging the gap, particularly since the Federation of Labor Unions' acquisition of a new chairman, and provided the general trends in Social Democratic policy do not further splinter today's divided opinions.

These trends are characterized by a policy which is called "the way of solidarity" and which, in contrast to the policies of the non-socialist government, puts a big emphasis on employment. That the current high unemployment figures--over 300,000 unemployed, or 10-11 percent--must be brought down to under 200,000 in the next three years, is the demand of the Federation of Labor Unions and the Social Democrats. This is to be accomplished in many ways, partially by the introduction of a 35-hour work week and support for investments. Another element in the program is tax reform.

Another aspect of the current picture is that the Danish employers' union, since the non-socialist government came into power, has been aligning itself to a greater degree with non-socialist elements than has been previously customary.

#### An Igniting Spark

The above sketch is a very simplified representation of the contextual background to the Danish bus driver affair. All by itself, the bus drivers' leaving the union and refusing to pay the Social Democratic Party would have been no big deal. But in this context, it became an igniting spark, which developed into a protest movement, a kind of power struggle against the bourgeois government.

And so the western European labor market's long hot spring ended up reaching as far as Denmark. This hardly bodes well for this autumn's negotiations. There is also the Federation of Labor Unions' main demand to consider--that the work week be gradually reduced to 35 hours, so that more employment opportunities can be generated.

But they are not demanding, as is the Metal Workers' Union in West Germany, that this happen without salary reductions. In Denmark they are talking about a milder version--one involving "differentiated compensation."

What they are saying in the Danish Federation of Labor Unions is something like this: "Danish industry is doing so well as far as competition goes, that we figure we can make this request again in a few years."

Just as in West Germany, the Danish employers said "no" to the request ahead of time, before it was officially proposed.

"We'd rather see large-scale conflict than a 35-hour work week," was what the largest industrial employers' union announced just a few days ago.

There is the risk, then, that this is just a "time-out" from conflict which we can observe in Denmark right now. We can see from these events that the 35-hour work week has come one step closer to Sweden.

9584

CSO: 3650/204

## ECONOMIC, POLITICAL GOALS AT ODDS IN ARMS EXPORT POLICY

Bonn AUS POLITIK UND ZEITGESCHICHTE in German 5 May 84 pp 15-25

[Article by Michael Brzoska, research fellow at Stockholm International Peace Research Institute (SIPRI): "Arms Export Policy in the FRG; the Unloved Special Role"]

## [Text] I. The Federal Republic in International Arms Trade

The arms export policy has repeatedly flared up in public for over 20 years. In the early sixties it was especially shipments to Israel that stirred the minds, now it is possible deliveries to Saudi Arabia. However, there has been only little discussion of foundations and long-term lines of the arms export policy. But arms export policy is at the same time part and visible expression of a series of policies, including foreign, developmental and economic policies.

## 1. Arms Exports and International Relations

Arms exports have become an important instrument of policy following World War II.<sup>1</sup> The breakup of the colonial empires and the East-West conflict whose geostrategic paralysis went along with an intensification of the conflict outside the two big power blocs, fostered the use of military assistance and arms deliveries to an historically unprecedented degree. At first it was the United States that employed this instrument on a large scale in support of its containment policy; starting in 1956, the Soviet Union, which had restricted weapons deliveries to its direct sphere of influence, followed suit.

Aside from this political root of the arms trade, the economic one is of special importance. With arms exports, manufacturers can earn money, governments can create jobs and improve the balance of foreign exchange payments. Prior to World War II, the commercial interest of private armament firms had been the decisive driving force of the international arms trade. Names such as Krupp, Schneider, and Vickers dominated the scene. Following World War II, the field of activity of the private armament firms was restricted more than ever. The political importance of the arms trade and especially the danger that weapons could get to the other side in the East-West conflict, necessitated strict political control. Of course, political control does not signify abandoning possible economic advantages. On the contrary: they can be directly linked with political goals if the states to which the weapons are to be sent will pay

for them. In the early sixties, the United States started to make a source of income out of the financially subsidized business and the Soviet Union soon followed suit. Other states started to see the arms export as an independent source of foreign exchange and exported with the express emphasis on the claim that, in contrast to the Soviet and U.S. deliveries, no political conditions are attached to the transfer. At the end of the sixties, the French government played a pioneer role in this respect; in the seventies, other European industrial countries such as Italy, but also some Third World countries, such as Israel and Brazil, followed suit.

They were attracted by the potential earnings that arose. The oil price rises increased the desire and the possibility for many countries in North Africa and West Asia to equip their armed forces with the latest weapons systems. In addition, other countries in Africa and Asia financed the procurement of new weapons. Poorer countries followed suit; they did not want to get into a position of military inferiority. The economically critical situation in many countries of Black Africa, Latin America, and Asia, triggered by the oil boom and the economic crisis in the industrial countries, paradoxically fostered armament tendencies among many of them: military regimes with nearly boundless appetite for new weapons systems assumed power, e.g. in Argentina; intensification of the social problems led to imports of weapons that could be used against the indigenous population. The share of military goods in the total trade with the Third World countries increased to over 5 percent.<sup>2</sup> The indebtedness that became a serious problem of the world economy in the early eighties can be attributed to a considerable extent to armament in many poor Third World countries.<sup>3</sup>

As is evident from Table 1, a clear change in trend is, however, discernible since about 1980. According to the SIPRI figures, thereafter the growth of trade in big weapons (big weapons are defined as ships, aircraft, missiles, armored vehicles.--Source: SIPRI Yearbooks 1975-1984) with Third World countries stagnated thereafter. Other data support this impression.<sup>4</sup> The economic slump finally showed its effect: poor and rich states had less money to buy weapons. In addition, some of the especially important weapons importers, such as Libya and Saudi Arabia, are buying fewer new military goods on account of absorption problems with already available weapons systems. The downfall of the Shah of Iran at least temporarily eliminated the thus far biggest weapons importer from the pages of the numerous arms and military periodicals which regularly report on new weapons business transactions. And finally the Carter Administration in the United States in 1977 put into practice at least partially its policy approved in 1977 of a unilateral restriction of arms exports.<sup>5</sup>



Table 1:

Growth of Trade in Big Weapons, 1954-1983, in Million U.S. \$, at 1975 Prices

1954	727	1970	2 939
1955	1 000	1971	3 707
1956	1 251	1972	3 473
1957	1 254	1973	3 627
1958	1 910	1974	5 064
1959	1 202	1975	6 304
		1976	7 312
1960	1 562	1977	9 699
1961	1 251	1978	11 147
1962	1 702	1979	9 599
1963	1 383		
1964	1 195	1980	10 660
1965	1 559	1981	8 954
1966	2 031	1982	9 120
1967	2 465	1983	8 764
1968	2 693		
1969	2 780		

At present, the Third World arms market is an embattled buyer's market. After the Carter Administration was replaced by the Reagan Administration, the United States again greatly increased its arms exports and, according to the SIPRI figures, has nearly caught up with the Soviet Union as most important arms suppliers. The number of suppliers of military goods has continued to increase; the newcomers on the international arms market include Spain, South Africa, and Singapore.<sup>6</sup> The financial resources of the buyers have become even shorter since also economic organs such as the IMF take notice of arms purchases in granting credits. Numerous arms producers are increasingly dependent on the export of armament because they, themselves, are in economic difficulties. Especially smaller states which are pursuing the goal of maintaining a broad assortment of arms production in addition increasingly feel the effect of exponentially growing costs of weapons systems and even more quickly rising technological requirements for their production.

## 2. The Ideal Types of the Arms Export Policy

The short description of the historical development of the arms trade has already made it clear that economic and political motivations frequently cannot be separated in the actual state practice. This applies especially to the United States and the Soviet Union which are guided by both interests. But in this connection it must not be overlooked that for both states a primacy of the

political aspects has always been discernible and can also be noted at present. This primacy is expressed in varied ways: for example in the fact that deliveries are made only to states with which there is a feeling of some kind of political ties, that very elaborate control mechanisms exist for the export of armament-related goods or that the export of arms technology is handled much more strictly than the export of military goods.<sup>7</sup>

Even for states for which only economic motivations appear to be present, political motivations also play a role when looking more closely. The example of France: Here arms export has the function, not last, to safeguard the maintenance of a wide-ranging armament industry to retain the feeling of independence--undoubtedly a strategic, a political goal.

Nevertheless, to simplify the analysis to begin with ideally two basic types of arms export policy can be differentiated: the foreign-policy oriented policy and the commercially-economically-oriented policy.

But a third type is to be added to that, which is of special importance for the analysis of the FRG arms export policy: the highly restrictive arms export policy.

If states abstain from selling weapons to certain regions or from exporting at all even though they could do so based on their actual or potential armament-technological competence, they incur economic and political costs. Possible income from the arms export is not available and Third World states which would like to purchase arms from a specific producer country feel duped. Opportunities for influence possibly connected with arms exports must be sacrificed.

But a highly restrictive arms export policy also has advantages. In the economic areas it can be cited that arms exports to Third World countries reduce the export opportunities of one's own economy and, in the long term, harm world trade since--viewed economically--they constitute waste.<sup>8</sup> In the political field it can be demonstrated that many arms deliveries entail exactly the opposite of the desired result.

Arms deliveries to a country almost always are a thorn in the eye of the enemies of this state. A possible example are the discussed deliveries of armored vehicles from the FRG to Saudi Arabia, which produced vehement protest in Israel. Moreover, the average life of governments and regimes in many Third World countries is considerably shorter than the life of weapons systems. New masters frequently use weapons deliveries to unloved predecessors as a cause for counting the suppliers among their enemies. Iran before and after 1979 is a good example for that; the Soviet Union also had similar experiences, e.g. with Egypt starting in 1972 or Indonesia after 1964.<sup>9</sup>

A highly restrictive arms export policy contributes to being ostentatively forced to side with one party. But it is not unpolitical or apolitical. Just as the foreign-policy-oriented arms export policy, it places control in the foreground, only that this control is exercised considerably more extensively. But its justification must not be shaped by foreign policy since in its framework the selection is not on a foreign policy basis. Such justifications may, as

historical cases demonstrate, look very dissimilar. For example, the Japanese government has repeatedly confirmed that it prohibits the export of military goods because it wants to keep its own armament industry under control and because the memory of Japanese militarism is still too clear, so that any other policy can give rise to anti-Japanese feelings. Critics have assumed another reason behind this official argumentation: the economic interest of the extremely raw-material-poor Japan not to create enemies anywhere in the Third World by arms deliveries.<sup>10</sup>

The mentioned unilateral restrictions of the Carter Administration were justified especially by peace and developmental policies: The United States should not be responsible for stimulating regional arms races and to take away from the poor countries by arms deliveries what has just been given to them through development aid.<sup>11</sup>

### 3. Development of FRG Arms Exports

In the triangle of these ideal types of arms export policies, the various FRG governments had to try to find their way since the early sixties, after the Bundeswehr had been reestablished and the newly developed armament industry started to develop greater interest in arms exports.

At first the attempt was made to carry out a foreign-policy-oriented arms export policy. Especially military aid to African states served as an instrument. Germany-policy goals were in the foreground. The FRG arms export policy was adapted to the concept of the NATO member countries toward the Third World. The secret deliveries to Israel constituted a special feature. However, development of foreign-policy-motivated armament relations were suddenly interrupted in 1965 when the deliveries to Israel became publicly known, Arab states threatened to break off diplomatic relations and intensified contacts with the GDR.<sup>12</sup>

In February 1965, the Ehrhard government decided to permit no more weapons deliveries to "areas of tension" in the future. Thus--for practical reasons and to be able to refuse further exports to Israel--a concept was introduced which for almost 20 years was to become central to the FRG arms export policy. However, the SPD opposition was dissatisfied. It demanded that arms exports outside the NATO member states be completely stopped. A long drawn out parliamentary debate ensued which finally in 1968--in the meantime the SPD and CDU were together in the government--ended without enactment of any new laws, but the Federal Government was asked to strictly limit arms exports.<sup>13</sup>

The arms export policy was one of the areas in which the new government wanted to carry out sweeping changes after 1969. Especially the then Defense Minister Schmidt advocated such changes for foreign-policy reasons.<sup>14</sup> However, he was unable to prevail with his conviction that arms exports be only permitted to countries within NATO. Especially the foreign ministry under Walter Scheel resisted the idea. The result was finally a compromise formula which was approved by the cabinet in June 1971. According to these guidelines, in principle--there were supposed to be no exports of military weapons to countries outside of NATO, none to areas of tension. Military goods that are not military weapons were also supposed to be controlled though less strictly.<sup>15</sup>

This compromise formula was soon put to the test. As early as the winter of 1971/72, Defense Minister Schmidt settled by negotiations with the French government that exports of products from coproduction projects be treated according to the export regulations of the country in which the final manufacturing stage takes place. Thus the door was opened for using the coproduction agreement to export weapons to many Third World countries that had been at least partially manufactured in the FRG. The Federal Government, according to its own statements, assessed coproduction programs more highly than a highly restrictive arms export policy. The armament industry continued to submit applications for export licenses also for Third World countries which were not universally rejected. Soon it became apparent that as a rule exports of ships were almost all approved but not the export of tanks. The armament industry devised all kinds of dodges and roundabout ways to satisfy potential customers. Thus instead of many tanks that could not be approved, three designs including blueprints and contracts for the delivery of important components were sent, for example, to Argentina.<sup>16</sup> A similar project in Italy--the Lion tank--was stopped in 1976 because Libya had signed on as first customer.

Despite the quickly apparent gaps and the practice only incompletely corresponding to the wording of the political guidelines, they were once again expressly confirmed by the Federal Government in the Spring of 1976. A change of the official attitude--in the meantime the FRG had become an important exporter of weapons and military goods according to available data (cf. Table 2)--only became apparent after the 1980 Bundestag elections. It had become known that the Federal Security Council had approved the export of submarines to Chile and Federal Chancellor Schmidt had at least not discouraged the hope of the Saudi Arabian government for delivery of battle tanks from the FRG. A vehement domestic-policy debate occurred which eventually led to the adoption of new political principles. The criterion of "area of tension" was replaced by other criteria. The core of the new guidelines is the question whether or not arms exports are in the FRG's vital foreign and security policy interest. Additional requirements include that delivery is not contraindicated by the political conditions in the recipient country and existing tensions are not being increased.<sup>17</sup> Even though in the introduction it was asserted that the Federal Government wants to maintain its existing arms export policy, the new guidelines are generally regarded as a step on the road to a less restrictive arms export policy. Much attention was also paid to the formulation that employment policy interests must not be decisive for granting approval; the general conviction was that precisely this factor was the cause for expanding the FRG armament exports in the second half of the seventies, especially in the shipbuilding field.<sup>18</sup>

Table 2:

## FRG Share in Weapons Trade With Third World Countries\*

Year	Big Weapons According to SIPRI	Weapons Deliveries According to the U.S. Government Definition
1975	1.0	3.4
1977	1.4	4.2
1979	2.4	3.3
1981	2.9	4.4
1983	5.4	Not available

\*According to the U.S. data, the Third World includes all countries in Africa, Latin America, Africa [as printed] and Asia (not including Japan). In addition, SIPRI does not count the PRC as part of the Third World, which is insignificant in this case. Sources: SIPRI Yearbook 1984; R.F. Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1975-1982," Congressional Research Service, IP 214A, Washington, April 1983.

Despite some criticism from its own ranks,<sup>19</sup> the new Federal Government has adhered to the 1982 guidelines.<sup>20</sup> Even though inclined toward a less restrictive arms export policy in line with the basic attitude of the majority, it faces the same dilemma as its predecessor. As a matter of principle obliged to a restrictive arms export policy toward the Third World countries, nevertheless it does not want to miss the foreign-policy opportunities, but on the other hand wants to avoid the possible problems, such as those based on the use of RC weapons in military conflicts. The government does not want to get the reputation of conducting an "immoral" policy for economic reasons; but it is an open secret that firms and branches of industry shaken by crises have every reason to hope for a ready ear.

The FRG arms exports, despite their great expansion since the second half of the seventies, are only of limited importance to FRG foreign trade. While the FRG share in the export of machines and transportation equipment to Third World countries ranges between 10 and 20 percent depending upon category of goods, in the arms field it is less than 5 percent.<sup>21</sup> This points to export potentials not used in the past the mobilization of which could, however, be very difficult in view of the strong competition on the international arms market.

## II. Control and Guidance of FRG Arms Exports

### 1. The General Legal Regulations

Legally far more binding than the political guidelines adopted by the Federal Cabinet are the relevant legal regulations, especially the Military Weapons Control Act (KWKG) and the Foreign Trade Act (AWG). The contents of both regulations were developed in the fifties when experience with arms exports--and accordingly also the awareness of the problems--was little developed. The AWG contains the possibility to regulate certain goods to be further defined in a foreign trade decree (AWV) as military goods and in the presence of reasons

for refusal that are specified in the law only in the form of examples to prohibit their export. There are three lists of goods in the foreign trade decree (military goods, nuclear material, strategic goods). Export of the goods listed there is subject to approval. The actual goal of the AWV is regulating the export of goods to the Soviet Union and the states allied with it. On the other hand, the KWKG as implementing law of Article 25 of the Basic Law has the purpose to control production and export of weapons customarily employed in armed conflicts between states. The interest is centered on preventing that weapons are produced in the FRG that are employed in armed conflicts without Federal Government control. Therefore, the reasons for refusal listed in the law include the obligatory ban on delivery in cases in which there is a danger that the delivered goods will be used in armed conflicts.<sup>22</sup> The phrase "area of tension," which is not included in any legal regulation, is likely to have its origin here.

There is an important difference between KWKG and AWG as regards the contestability of administrative acts issued on their basis. Rejections according to the KWKG can only be judicially reviewed as regards the exercise of the best judgment by the administrative authority; however, all decisions according to the AWG are subject to the economic policy primacy of the AWG according to which exports may be prohibited if considerable damage could be expected in case of non-denial. Thus the KWKG provides considerably more decision-making leeway to the approving authority.

KWKG and also AWG by their wording permit very strict control of arms exports. But on the other hand, while adhering to the obligatory reasons of export refusal according to the KWKG, they also leave open the possibility of an only very limited restrictive policy.

## 2. Importance of the Approval Bureaucracy<sup>23</sup>

The Federal Ministry of Economics is competent for the approval process according to the AWG and also according to the KWKG. In addition since 1961, the year of the enactment of the two laws, other ministries, too, are involved in the approval process, especially the Foreign Office and the Defense ministry and--as highest decision-making body--the Federal Security Council (formerly the Federal Defense Council).

With this last political responsibility for the arms export policy, the primacy of policy is to be safeguarded. The political guidelines relinquish a good part of the responsibility to the actual approving authorities in the Federal Ministry for Economics and the Federal Office for Trade and Industry attached to it. They are the ones to whom the applications are actually addressed,<sup>who</sup> are supposed to be able to decide which cases can be handled routinely and which must be politically decided.

Each of these political decisions has then of course directive character for the approval authorities. Following the principle of precedence in routine cases --that is the theory--the burden of the Federal Security Council with decisions on arms export cases should be minimal.

However, in practice a quite different relationship has developed between political decision makers and the approval bureaucracy. For instead of leading to clarity



and uniformity, the political decisions tended to cause confusion since they were made from case to case in pursuance of a highly restrictive or foreign-policy-oriented policy and frequently in pursuit of an economically oriented policy. Ships were approved almost regularly even though neither law nor political guidelines provided for that. The officials in the Ministry for Economics appear to have forwarded each instance of ship export to the Federal Security Council on the one hand because large sums of money were involved in each case for which the Federal Government could possibly be made liable,<sup>24</sup> on the other hand because the rules covered by the regulation caused an uneasy feeling among the officials. The 1971 political guidelines, according to which military weapons were supposed to be approved only very rarely were at any rate no significant aid to orientation to them.

Thereupon the administration itself appears to have become more active in the development of rules. Problematical cases were cleared up ahead of time among the participating specialists in the Federal Ministry for Economics, the Federal Ministry for Defense, and the Foreign Office, a uniform position was sought, and then such cases were submitted to the Federal Security Council. Thus since 1975 surprising decisions of this body have been avoided. Rules developed that did not correspond either to the political guidelines or also to the official positions on arms exports.<sup>25</sup>

The bureaucratic rules adapted themselves strongly to the KWKG. The principal goal was--as it was there--to prevent weapons from being used in international conflicts. Therefore delivery of military weapons to countries of which it was assumed that they could be involved in war in the foreseeable future were not permitted (ships were almost regularly approved because the authorities were not much afraid they would be employed in military conflicts.) The Foreign Office had the leading role in assessing individual cases. The other participating ministries accepted its judgment on the imminence of conflict. The Foreign Office was trying to be flexible and to examine each individual case related to the current situation. In its efforts, the Foreign Office was not immune to mistakes: Thus it erred in assessing the Argentine military junta as well as in the opinion that ships would not be employed in military conflicts in Third World countries.

The Foreign Office increasingly introduced foreign policy aspects in the approval policy. Applications were given positive assessments because good relations with one state or another were supposed to be shown. Typical of an assessment at the end of the seventies is the positive position toward the application to be able to deliver corvettes to Colombia: "Colombia is a country with democratic traditions going far back with which the FRG maintains close friendly relations and economic ties. In view of Colombia's domestic and foreign policy situation, the Federal Government sees no legal or political reasons why that country should be generally excluded from the delivery of military weapons. The decision in the individual case depends on the concrete facts, e.g., on the type of weapons which are to be exported."<sup>26</sup>

This justification neither reflected the officially highly restrictive official government positions nor did it correspond to the widespread impression among the public that the question of creating jobs through armament orders determines the arms export policy.



The jobs argument was a problematical element, yes an element outside the system, to the approval bureaucracy, which wanted above all to preserve the legal foundations. It had to take the jobs argument into account because of the political facts, but had to cover it with foreign-policy and historical justifications. The fact that the 1982 political guidelines expressly state that employment policy interests must not be decisive for the authorization is a result of this legal judgment.

### 3. Three Levels of the Arms Export Policy

The outward inconsistency of the arms export policy can be resolved if this policy is analyzed on three levels:

1. The declaratory level: This includes the semiofficial positions with emphasis on a highly restrictive policy until 1980 and a restrictive policy starting about 1981.
2. The bureaucratic level: This includes the described rules of the approval process deviating from the declaratory efforts.
3. The realistic level: This is the level of the actual approval and refusal policy and it differs from the bureaucratic level on the one hand by the fact that a considerable part of the actual approvals (for goods not subject to approval according to the KWKG; for coproduction products; for blueprint and licensed exports) are not subjected to the described rules process and, on the other hand, by the fact that the economic interests had a much greater weight than the bureaucracies wanted to admit.

The realistic policy is substantially determined by economic interests while the acquisition of armament orders is largely in the hands of the armament industry. It is not the Federal Government looking for regions where in its opinion armament imbalances could be balanced by FRG deliveries, but the armament industry is searching all over the world for financially sound customers. In the area which the Federal Government itself finances, in military aid<sup>27</sup>, concentration and guidance determined by foreign policy is noticeable, but not so in the area of commercial arms exports because here economic interests and not foreign policy motivations are decisive for the initiation of business transactions and the amount of the transfer.

But the realistic policy was restricted by the bureaucratic level as well as the declaratory level. The legal limits of the danger of use in military conflicts and the problems of legitimacy which the expansion of the arms exports entailed defined level and structure of the approvals.

The complex structure of the FRG arms export policy can be clearly shown by the example of the employment argument. Employment through armament exports was and is of economically little importance<sup>28</sup>, but not insignificant for individual firms, regions (e.g., the southern Black Forest) and branches of industry (especially shipbuilding). Even though the employment argument was introduced in the discussion mostly as an economic argument, it was not generally decisive--exports of ships were facilitated with its help, however not tank exports. The employment

argument--undoubtedly relevant for some firms, regions and branches of industry--could only be effective where bureaucratic (the assessment of the legal situation according to the KWKG) and declaratory (loss of credibility of a restrictive arms export policy) obstacles could be overcome. At the same time, the employment argument, it is true, also served as a lever to change the bureaucratic and declaratory arms export policy: by getting itself legitimizing value and thus defusing the problems of legitimacy of an expansion of the arms exports and by inducing the arms export bureaucracy to give greater weight to economic considerations in the considerations.

#### 4. Central Factors Influencing Arms Export Policy

As described, the three levels of the arms export policy are closely interwoven even though the Social-Liberal coalition helped in the drifting apart of the levels between 1971 and 1982. Therefore, the various influencing factors, too, be they structural or dependent on special historical conditions, are closely interlinked. Nevertheless it is useful to assign them to the three levels, for distinguishing them makes it more evident which the central influencing factors are and how their relationship to one another is determined.

1. On the declaratory level, the legitimacy question is of greatest importance: Public opinion is more likely to be opposed to a widening of arms exports. The employment argument changed this basic attitude in the second half of the seventies but without being able to achieve a change in the trend.<sup>29</sup>

2. The bureaucratic level is determined especially by the interests of the participating authorities themselves. The most important thing is to develop somewhat clear rules within the framework of the existing laws. In addition, there is a foreign policy interest in a general expansion of the arms exports.<sup>30</sup>

3. On the level of the realistic policy, the interests and business opportunities of the armament industry are of considerable importance. They grew considerably during the seventies because of two factors: the increased demand (see above) and the increasingly more attractive assortment of the FRG armament manufacturers for foreign customers.<sup>31</sup>

#### III. Whither Arms Export Policy?

The FRG position has repeatedly shifted within the triangle of the ideal types of the arms export policy. Nevertheless it continues to remain in a spot in which no other of the countries with similarly large arms exports is positioned.

The sixties started with a foreign-policy orientation of the arms export policy, but the Christian-Liberal government by mid-decade changed the course in the direction of strict limitation. The Social-Liberal federal government announced that it wanted to pursue a regionally limited, highly restrictive policy. But within a short time a shift was made to a policy which took into account foreign policy interests to a limited extent and economic interests to a greater extent. Up to the end of the Social-Liberal coalition, the FRG arms export policy was quite precisely in the center of the described triangle of the ideal types.

The new government has found it difficult to define more precisely what type of arms export policy it wants to pursue. It would also like to avoid the appearance of conducting an "immoral" policy and is trying to avoid problems of legitimacy through arms exports. But it is obvious that the new government is less obligated to some groups of society that have stood up against expansion of arms exports (such as developmental groups or the DGB) than the preceding Federal Government. But this observation is not generally valid as demonstrated by the example of the Protestant and Catholic churches which also have come out in favor of limitation.<sup>33</sup>

Foreign policy argumentation is increasingly noted in the justification of some arms export projects toward which the Federal Government is favorably disposed. Of course this applies primarily to the offer to the Saudi government to order armored vehicles for defensive purposes in the FRG.

State Minister in the Foreign Office Moellemann in the Bundestag in October 1983 cited the interest in the external security and stability of this important political and economic partner of the FRG in justification of deliveries to Saudi Arabia.<sup>34</sup> Representatives of the previous government, too, such as the former government spokesman Becker, however, emphasized that the relations with Saudi Arabia are of a special nature and that--had the domestic policy discussion not been burdened by the disclosure of the authorization of the export of two type-209 submarines to Chile in the winter of 1980/81--the export of armored vehicles would have been pushed through for foreign-policy and foreign-economic-policy reasons.<sup>35</sup>

But in its relatively short period in power, the Christian-Liberal coalition has to find out quickly how problematical it is to strive for an arms export policy with stronger foreign-policy orientation. For one thing, that is the result of the fact that arms exports regularly are taken to be an affront by some side. In the case at hand, the Federal Government appears to have been surprised by the vehemence of the Israeli reaction. In the circles concerned, the idea had long been carefully considered to compensate for deliveries of tanks to Saudi Arabia by also delivering weapons to the Israeli side, e.g., the 120-mm gun carried by the Leopard 2. The Israelis did not take up this "mini-Camp David" idea.

The reasoning for the categorical rejection by Israel demonstrates the second fundamental problem of a foreign-policy-oriented arms export policy: The Federal Republic as a successor state of the German Reich must take its past into account. After a nearly 30-year integration into the Western alliance, there is a tendency in the FRG to forget the historical heritage; but it continues to be alive, not only in Israel.

A third problem is also demonstrated in a concrete case: The FRG is no world power which can afford to be able to dictate to other states. Federal Chancellor Kohl's assurance to Israel that weapons would be delivered to Saudi Arabia only if it was guaranteed that these weapons would not be employed against Israel, was classified as interference by the Saudi side and not taken seriously by the Israeli side. What the United States as a superpower was able to try with the Camp David Agreement, namely a somewhat balanced armament of two contracting parties, cannot succeed for a relatively powerless--and also in the international weapons trade second-rate--state.

Finally the Federal Government had to find out how quickly one can become the pawn of interests. For the moment, the Saudis are primarily interested in diversifying their weapons imports. They regard the dependence on the United States as a potential domestic policy danger. The Israeli side utilizes the possible FRG-Saudi Arabia business deal to get more military assistance in the United States. In turn, in the United States there does not appear to be agreement whether to regard possible FRG deliveries as interference or support of the U.S. position.

Federal Chancellor Kohl has been able to escape the entanglement of the interests just as little as his predecessor Schmidt. He had not made any really clear decision either. Leopard 2, no; but defensive systems, yes--the Saudi government was told. Thus the Federal Chancellor believed he could counteract the expected domestic and foreign-policy resistance. He, too,--in the terminology of the previous analysis--takes the legitimacy problem into account. For what are defensive systems? The official answer of the Federal Government makes evident the complete practical problems of differentiating between offensive and defensive: "The distinction between weapons that are destined for defense or a war of aggression can be made only in a concrete individual case. In making the distinction, what is decisive are the conditions prevailing in each case with respect to the recipient country, e.g., the military strategy the country concerned pursues, and how the weapons to be delivered are to be integrated in the weapons structure existing there."<sup>36</sup>

The growing foreign policy orientation on the declaratory and bureaucratic levels in view of the described relationship between approval bureaucracy and armament industry in the initiation and handling of arms business deals moreover holds the great danger that the arms export policy develops on the realistic level in the economically oriented direction instead of the foreign policy oriented direction. This danger became evident during the Social-Liberal government period and the Christian-Liberal government very easily can also pile up considerable contradictions to the official position which is: "Employment policy reasons do not play a decisive role in the decisions."<sup>37</sup>

But in the case of the approvals for export of wheel armored vehicles to Malaysia and Venezuela, which--deviating from the position of the preceding government--were approved by the Christian-Liberal government--other decisive reasons are not evident. In the case of the approval of frigates for Turkey, including a federal guarantee of DM 670 million, the decisive aspect was "facilitating the necessary process of adjustment of the German shipbuilding industry." In addition, there were defense-policy reasons.<sup>38</sup>

In the field of arms export policy, the Christian-Liberal federal government has assumed a difficult heritage. This includes not only concrete cases, such as e.g., the submarines for Chile the failure to export of which would have involved high costs for the public treasury, but also overall a highly complicated and contradictory structure. The past words and deeds of the government do not indicate that a further deviation from the past path of a further departure from the ideal type of a highly restrictive arms export policy is to be expected. The new Federal Government does not show any inclination either for a special role of the FRG in this area of international relations. But a highly restrictive policy is very easily justifiable at this time.

The new Federal Government wrote in its latest development policy report: "The tremendous armament efforts remove considerable material and human resources from the peaceful development and the tackling of urgent problems of the future.... In many cases it serves display of power externally or display of power internally..., aggravates indebtedness.... Growing military potential in many cases increases readiness for conflict."<sup>39</sup>

The export pressure of the armament industry is probably still controllable. But when numerous Bundeswehr procurement programs, such as the MRCA Tornado and the Leopard II expire in the second half of the eighties, this pressure will considerably increase and will become similar to that in the shipbuilding area. Then it is likely that it will be too late for countermeasures, such as, e.g. fostering conversion from military to civilian production. The FRG arms export policy could then completely lose its restrictive components.

#### FOOTNOTES

1. See SIPRI, "The Arms Trade With the Third World, Stockholm 1971.
2. See U.S. Arms Control and Disarmament Agency (ACDA), "World Military Expenditure and Arms Trade," annual; latest, 1971-1980, Washington 1983.
3. I calculated a 25-percent quota from an analysis based on the concept of opportunity cost accounting by which the indebtedness of the Third World countries could be reduced if no military goods had been imported. M. Brzoska, "The Military-Related External Debt of Third World Countries." In: JOURNAL OF PEACE RESEARCH, 20 (1983) 3.
4. Cf., e.g., R. F. Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1975-1982," Congressional Research Service, IP 214 A, Washington, Apr 83.
5. Critical assessments of the Carter Administration policies can be found, e.g., in M. Leitenberg/N. Ball, "U.S. Policy of Conventional Arms Transfers. In: BULLETIN OF ATOMIC SCIENTISTS, 35 (1979) 2; A. Pierre, "The Global Politics of Arms Sales," Princeton 1982.
6. Cf. SIPRI Yearbook 1984, London 1984.
7. Cf. SIPRI, op. cit. (footnote 1); A. Pierre, op. cit. (footnote 5).
8. In this connection see the books by U. Albrecht/P. Lock/H Wulf, "Arbeitsplaetzedurch Ruestung?" (Jobs Through Armament?), Reinbek 1978, and "Mit Ruestung gegen Arbeitslosigkeit?" (With Armament Against Unemployment?), Reinbek 1982.
9. See A. Pierre, op. cit. (footnote 5), G. Kemp/S. Miller, "The Arms Transfer Phenomenon," in: A. Pierre, "Arms Transfers and American Foreign Policy," New York 1979.



10. See A. Pierre, op. cit. (footnote 5) and SIPRI yearbooks, London, various years.
11. In addition to the data in footnote 5, see especially M. Salomon/D. Louscher/P. Hammond, "Lessons of the Carter Approach to Restraining Arms Transfers." In: SURVIVAL, 23 (1981) 5.
12. The early phases of the FRG arms export and military aid policies have been presented in summary form in: H. Haftendorn, "Militaerhilfe und Ruestungs-exporte der BRD" (FRG Military Aid and Arms Exports), Duesseldorf 1971, and U. Albrecht, "Politik und Waffengeschaeft" (Politics and Weapons Deals), Munich 1972.
13. Cf. "Bundestagsdrucksache" V/2976 and "Bundestagsprotokolle" V/183, p 9974.
14. In an interview with the periodical WEHR UND WIRTSCHAFT (1970) 7/8,-- also reprinted in the BULLETIN DER BUNDESREGIERUNG 110/1970--Schmidt said among other things: "The fact is, whether in Black Africa or on other continents, we have had at least as many political reverses, disadvantages, and unpleasant experiences, especially also morally unpleasant experiences as we had, for example, foreign policy advantages from the weapons exports or from equipment aid." (P 394)
15. Excerpts from the guidelines were known in 1975 and the text was published in 1977 in WEHRDIENST; reprinted in: U. Albrecht/P. Lock/H. Wulf, op. cit. (footnote 8).
16. The TAM is a further development of the Marder tank. In 1974, an agreement was signed between Thyssen-Hentschel and the Argentine Army for the development of a 30-ton tank which was supposed to be reproduced in Argentina. The Federal Government permitted the export of three prototypes and the supply of components, such as motors and transmissions. The TAM is also being re-exported to Peru and Iran.
17. The new "Political Principles of the Federal Government for the Export of Military Weapons and Other Military Goods"--in contrast to the former rules-- were published immediately after adoption; see BULLETIN DER BUNDESREGIERUNG, 38/1982 of 5 May 82.
18. For details on the genesis and integration of the new principles see my article in: V. Mathies/J. Betz, "Jahrbuch Dritte Welt 1983" (1983 Third World Yearbook), Munich 1983.
19. Criticism of the existing policy with a demand for a change of the guidelines was expressed by, e.g., the Bavarian Minister President and CSU Chairman Strauss and the defense policy spokesman of the CDU/CSU Bundestag faction Marx; cf. FRANKFURTER RUNDSCHAU of 8 Apr 83, FRANKFURTER ALLGEMEINE ZEITUNG of 3 Dec 83.

20. Among others, the State Minister in the Foreign Office, Mertes, and the State Secretary in the Federal Ministry for Economic Cooperation, Koehler, have stood up for a restrictive arms export policy; cf. RHEINISCHER MERKUR/CHRIST UND WELT of 20 May 83 and DIE WELT of 6 Jan 84. The present social affairs minister, Geissler, had criticized the arms export policy as not restrictive enough even during the Social-Liberal government period; cf. FRANKFURTER ALLGEMEINE ZEITUNG of 20 Jul 82. In the 1983 White Book of the Federal Government on FRG Security, Bonn 1983, p 28, it is stated: "The Federal Government fundamentally pursues a restrictive arms export policy."
21. FRG share of trade with civilian goods according to UN Economic Commission for Europe, "Bulletin of Trade in Engineering Goods," Geneva, various years; "Military Goods": ACDA, op. cit. (footnote 2).
22. Concerning legal problems see in detail: T. Mammitzsch, "The Legal Limits of Arms Production and Arms Export," MILITAERPOLITIK DOKUMENTATION, No. 18, Frankfurt 1980.
23. The following statements are based on interviews by the author and analysis of numerous answers in the Bundestag; see also C. Loeck, "The Policy of Transfer of Conventional Armament--Structures and Factors Influencing the Decision Making Process," in: H. Haftendorn/W.D. Karl/KJ. Krause/L. Wilker (Publisher), "Administered Foreign Policy, Security and Detente Policy Decision-Making Processes in Bonn," Cologne 1978.
24. According to the military Weapons Control Law, the rescinding of the authorization to which the applicant does not have to respond constitutes an action for which damages must be paid (Article 9 of the KWKG); see also "Bundestagsdrucksache" 3/1589, p 18.
25. Comments on arms exports in the past were primarily found in the White Books of the defense ministry and in answers to interpellations in Parliament.
26. WEHRDIENST 763/80.
27. Forms of FRG military aid are: NATO defense aid (to Turkey, Greece, and Portugal), equipment aid and training aid. The NATO defense aid is financially the biggest item while the 1983 equipment aid also included in the Foreign Office budget with less than DM 50 million amounted to only one fifth of the expenditures for NATO defense aid. The training aid, which is listed in the departmental budget 14 of the Federal Ministry of defense amounts to less than DM 1 million.
28. The number of persons employed in the armament industry in the early eighties was about 240,000. About 40,000 persons were employed in arms export. Figures according to M. Brzoska "The FRG Armament Industry," in: M. Brzoska/A.A. Guha/C. Wellmann, "Das Geschaefit mit dem Tod" (The Business With Death), Frankfurt 1982.



29. Interesting in this connection are the results of a survey conducted at the behest of the FRG armament industry by Infratest. Since the armament industry and Infratest have refused to publish the questions, it cannot be assessed how leading the questions were. One third each of the interviewees were opposed to arms exports or in favor of arms exports or had no opinion. cf. WEHRTECHNIK (1981) 9, p 96. Most comments by social groups favored a highly restrictive arms export policy; cf. at last the comments on the hearing of the Committee for Economic Cooperation on the topic "Armament and Development" on 20 Feb 84 in Bonn which was disseminated as a committee document and will soon be published in condensed form in the series "Militaerpolitik Dokumentation" as No. 33.
30. The situation in the FRG is too different from that in the United States that the arms export policy could be explained by the bureaucracy theory; cf. C. Loeck, op. cit. (footnote 23). But there were interests expressed by the bureaucracy, such as, e.g., to control the arms export instrument for foreign policy reasons.
31. On the question of the delimitation of an armament industry, its structure and development, see M. Brzoska and others, op. cit. (footnote 28); see also W. Perdelwitz, "Waffenschmiede Deutschland" (Armory Germany), Hamburg 1984.
32. See footnotes 19 and 20.
33. See comments on the hearing, footnote 29.
34. FRANKFURTER ALLGEMEINE ZEITUNG, 29 Oct 83.
35. DIE ZEIT, 7 Oct 83.
36. "Bundestagsdrucksache" 10/815, p 4.
37. "Bundestagsdrucksache" 10/815, p 1.
38. WEHRDIENST, 5 Dec 83.
39. Federal Ministry for Economic Cooperation, "Development Policy Report of the Federal Government," 1983 Bonn, Mar 83, p 9.

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## OPPORTUNITIES FOR CAPITAL GOODS, KNOW-HOW SALES TO PRC

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 18 May 84 p 11

[Article by Herbert Brendel: "PRC: The Germans Hold Good Cards. The Most Recent Nuclear Energy Agreement Is Only One of the Possible Forms of Cooperation"]

[Text] The PRC needs an "ocean of goods" in order to cover the most necessary needs of its constantly growing gigantic population and in order to modernize its economy. This is what politicians were saying a few years ago. In this connection figures were juggled, and the Aachen Professor Fucks, in his book "Formulas for Power" published in 1965, even dared the prognosis that the sleeping giant China already in 1975 would attain the economic power of the Soviet Union, in 1980 that of the United States, and in 1987 would prepare to overtake the combined economic power of the United States and the EEC. By the year 2000, finally, Peking would have left the combined economic power of the United States, the Soviet Union and Western Europe behind and by 2010 would be twice as strong as the three giants together.

The computer of the professor probably calculated correctly, but evidently it was fed the wrong data because Fucks proceeded from assumptions that were much too optimistic. If there existed in the PRC an economic dynamic such as that found in the three Chinese states with a capitalist economic system, that is to say Taiwan, Hongkong and Singapore, the calculation even then would probably not be correct, but much less wrong than it has proved to be thus far. As it is, the gigantic empire of in the meantime approximately a billion people is suffering from the malaise of a centrally planned economic system and Marxist-Leninist totalitarianism which, in spite of all liberalization attempts, keeps the people in a state of tutelage and prevents their development.

## Mini-Incomes and Total Consumption Direction

Nevertheless it is unmistakable that Mao by the time of his death--and his successors in increased measure--were able to attain that the masses of people at least had to some extent enough to eat, that it proved possible to provide them with clothing, to give them shelter, and to provide them with medical care. The balance between food resources and population growth was produced through family planning, even though with methods which--for reasons of ethics and liberal culture--would not be acceptable in the West. And, of course, through mini-incomes and total direction of consumption, it is dictated to the

with a few hundred Western companies, including many German firms. Very likely this will result in numerous further cooperation agreements, especially since additional forms of relief for joint ventures with foreigners have been made available by Peking since September 1983.

However, while until the present time the participation of a Chinese state partner was a condition, now firms with exclusively foreign ownership are also to be admitted in selected regions along the east coast. As the first Western firm, the American 3 M Company will probably build a plant for tapes and insulation material in Shanghai without Chinese participation.

#### 400,000 Factories Must Be Modernized

China is confronted with the gigantic task to modernize little by little approximately 400,000 factories, which have all become completely obsolete. Since this is possible within an appropriate time only with the assistance of foreign aid, Peking, as it were, is now jumping over its own ideological shadow which under Mao would have let projects of this kind still appear as a mortal sin against the spirit of Marx and Lenin.

In the race for new China business deals, however, German firms have not only good chances theoretically. During the past weeks and months, representatives of FRG firms and central associations, as well as politicians of the FRG and the states, played a game of revolving doors in Peking. Vice versa there was a veritable "pilgrimage" of Chinese delegations to the FRG. All of these activities will--if not at once and directly, then after some time and in part indirectly--find reflection in orders or cooperation agreements.

After during the the past few months some state chiefs stopped in Peking and other parts of China and there, among other things, recently probed into possible forms of cooperation with individual Chinese provinces, a delegation of the Association of the Chemical Industry conferred in mid-April in Peking with China's lady minister of Foreign Economic Relations and Trade, Chen Muhua. In so doing the Chinese side showed itself interested in cooperation involving pharmaceutical products and pesticides.

At the beginning of May the Chinese deputy minister for foreign trade, Wei Yuming, submitted 27 additional projects in Bonn for investments in Chinese provinces. While up to now there existed so-called "flexible economic conditions" for foreigners in four large "Special Economic Zones" (SEZ) in Zhuhai, Shantou, Shumchun and Xiamen, Peking wants to make 14 additional large cities, for the most part on the east coast, accessible to foreign investors. Some progressive technocrats in Peking in so doing have already visions of a "gold coast" from Korea to Singapore, which could share in the profits of the boom of the Pacific Basin to be expected in the coming years. However, it is no secret that this voluntary opening of the ports (after the forced opening of the previous century) meets with the approval not only of officials of the young generation, but also that of general secretary of the Communist Party, Hu Yaobang, and especially the influential gray eminence Deng Xiaoping.

A few days ago, then, a cooperation agreement on the peaceful use of nuclear ultimate consumer in the system how much and what he may consume, and that is little enough. Imported goods perhaps are at most destined for a small caste of officials, the lion's share of imports in any event goes into the state enterprises in the form of investment goods, machines and spare parts. Exportable consumer goods from domestic production are sent abroad, because of the need for foreign exchange.

Of course, this development already for years has called forth Western investment goods producers which, with growing success, attend to the PRC with its import needs directed by the state foreign trade organizations. After the Japanese, FRG firms turn out to be most successful. On the one hand, this can probably be attributed to its attractive range of goods offered, although very frequently they are more expensive than those of the competition. But, aside from the price, the Chinese know very well how to appreciate competitive factors such as prompt delivery, quality, good service, training of skilled personnel locally and in the FRG, as well as the modernity of the products. In addition, they attach importance to not letting the economic and technical dependence on the Japanese neighbors become too great. In return for this they even put up with higher prices.

Not by accident did the German-Chinese trade during the past year increase by a full 25 percent to a total of DM 4.8 billion. In so doing, the FRG exports increased to DM 2.8 billion, so that the exchange of goods with the PRC produced an export surplus for us of DM 800 million anyway. This trend has continued during the current year: During the first two months of 1984, exports to the PRC climbed by 30 percent.

But the Chinese are by no means interested only in German products. It appears much more important to them that a transfer of knowledge and technology from the highly industrialized FRG to the Middle Kingdom takes place. This transfer of so-called know-how, according to their conceptions, which are absolutely accepted on the part of the Germans, is to take place above all through two channels: On the one hand, research results of large state-run research institutions in the FRG are to be made available to the Chinese.

Thus, Peking, for example, is vividly interested in a communication satellite system in order to install a centralized television educational program. FRG Minister for Post and Telecommunications Schwarz-Schilling recently held discussions in this matter in Peking. Should it come to detailed conclusions of contracts, the German side can probably already offer the European Ariane rocket as carrier rocket, so that Bonn here would not be dependent on the assistance of the Americans, who in this field are competitors after all. Already in March an agreement on cooperation in the civilian exploration of space was signed in Bonn.

The second path to the transfer of knowledge are investments of German firms in joint undertakings, so-called joint ventures, managed together with Chinese state partners. During the past year alone, a hundred such enterprises were established in China, after during the four years since the start of this new form of cooperation in 1979 there had been a total of only 83. At the present time the Chinese, according to the version of Peking, are still negotiating

energy came up for signature by the deputy prime minister Li Peng and Foreign Minister Genscher. The Chinese want to build 10 or so nuclear power plants, in the course of which above all the French and Americans could become possible orders as competitors of the Siemens subsidiary Kraftwerk Union AG. Moreover, the Chinese are very interested in gaining the know-how necessary for the building of nuclear power plants, in order to be able to undertake as many as possible under their own direction. At any rate, there is a little less for much too great euphoria as there was in the case of the gigantic projects for the mining of bituminous coal brought up for discussion by Peking some years ago, projects which were at least "stretched" considerably.

That the Germans believe the Chinese to be capable in the leading technology as well is demonstrated by the offer of the airbus industry to transfer their own know-how to China, as well as to train Chinese technical personnel, with the goal of harnessing the PRC, beginning in 1986, to the delivery of parts for the new airbus A 320. The ulterior motive in so doing is that China will order airbuses.

Excitement was caused some weeks ago by negotiations between VW (Volkswagen) and Peking about a joint enterprise to build Santana passenger cars in Shanghai, where already a few hundred Santanas have been assembled on a trial basis. Wolfsburg is counting on the conclusion of an agreement yet this summer.

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## GOVERNMENT-UNION DIFFERENCES THREATEN 'SOCIAL PACT'

Madrid YA in Spanish 21 May 84 p 12

[Article by Carmen Parra]

[Text] Measures the government is now considering to reduce the public deficit will make it enormously difficult to negotiate a social pact, since the benefits which the unions are expected to demand in exchange for wage restraint will necessarily have an impact on the general budget for next year. These benefits to offset wage restraint are items such as an increase in unemployment coverage, larger pensions for retired persons, a rise in the minimum interoccupational wage, and salaries of officials and their distribution.

The inclusion of these points means that negotiations will have to be concluded by the month of June, before the government completes its budget, while the wage issue will be left for discussion in the fall. Nonetheless, the schedule of meetings will not be set before the election for the presidency of the CEOE [expansion unknown] on 23 May.

One unknown still to be clarified is the position of the Workers Commissions and their interest in reaching an agreement. The other unknown factor depends on what the CEOE is willing to do in order to reach an agreement for 2 years. If such an agreement can be signed, the government would have smooth sailing up to the next election. In any event, the management group is not prepared to sign a blank check, but it is true that the new president, Jose Maria Cuevas, is one of those most inclined not to repeat the negative experience of 1984, after the break-off of talks to reach an agreement with the unions.

## CEOE to Stress Fiscal Issue

The management organization wants to put the following issues on the agenda: the fiscal issue, difficulties restricting access

to credit in the private sector, and greater flexibility in both hiring and firing. The socialist federation, though, thinks that the following issues should be given priority: union participation in the reform of the administration, public enterprise, and social security. Concerning the restitution of union property, that battle will have an impact on whether the bill now being prepared by the government is accelerated and given an immediate hearing in parliament.

The intention of the unions is to establish the diversity of the topics to be negotiated, which may be broken down into different negotiations, but which should culminate in a tripartite session attended by representatives of management, unions, and government, in order to revive the policy of working together ("concertacion"), a policy which has been much abused this year, in the unanimous view of all the parties involved. Several days ago the UGT [General Union of Workers] and CCOO [Workers Commissions] agreed that the government is the appropriate party to initiate the process of working together. The UGT in a confederal executive commission meeting and the CCOO in a confederal council session discussed the matter and expressed their desire for such an arrangement, although they started from different positions.

The socialist union wants the government's intervention in order to consider the possibility of an agreement by which the unions would be involved in negotiations of the general government budgets, for items related to social and labor issues. The Workers Commissions, though, feel the government is the sole valid party to do this, due to "harsh social disputes and workers' pressures, ranging from a simple dialogue with the PSOE [Spanish Workers Socialist Party] to negotiations."

#### Pledge to Create Jobs

This does not mean that the executive will necessarily be involved in this collective negotiation agreement. What does seem certain is that this year, in addition to wage issues, they intend to negotiate some very important points which are always left aside, such as productivity, the regulation of arbitration courts, and labor ordinances. They also want to tackle a fairly tough and demanding issue, which is to get businesses to create jobs and obtain a commitment through collective bargaining. This will probably be done through measures to stimulate jobs, especially directed toward young people who have never held a job, and measures to redistribute existing jobs. The limited use of job sharing and part-time employment is another issue to be reviewed.



Although there is no chance at all that the government's macroeconomic policy will be altered, the forecast made by Miguel Boyer at the start of this year for 1985 and 1986 wages may be revised. This forecast assumed that the average increase for next year would be half a point lower than the inflation forecast--7 percent--and the same as the inflation forecast in 1986--6 percent.

The Workers Commissions will again stress the need to lower the retirement age, an issue which the UGT has not given up on, although it has set it aside for the time being. On this issue, the minister of labor was quite explicit about the difficulties entailed, since lowering the retirement age to 64 would cost 50 billion pesetas a year. But there is no doubt that the issue that will demand the most time and hard work is the social security reform and how the new pension funds will be handled.

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## FIRST QUARTER GDP STATISTICS SHOW MODEST GROWTH

Madrid ABC in Spanish 21 May 84 p 39

[Text] Spain's economic position during the first 3 months of 1984 continued along the course of modest growth which it has pursued since the start of last year. This growth is linked to manufacturing production and to export demand.

Even though it is hard to quantify accurately the extent of this growth, in terms of GDP [Gross Domestic Product] it seems that it is about 2.5 percent. This would mean an acceleration of half a point over the increment throughout 1983 and confirmation of the official forecast for the entire course of 1984.

The growth in Spain's domestic production is based on the strong expansion in the export of Spanish merchandise. According to the foreign trade statistics prepared monthly by the General Customs Directorate, exports of goods (FOB) rose from 617.891 billion pesetas during the first 3 months of 1983 to 939.853 billion during the same 3-month period of this year. This is a 52.1 percent increase which, adjusted downward by the 17.5 percent attributable to export prices, would place real export growth for this 3-month period, measured in constant prices, at a rate of 29.4 percent.

The foreign trade statistics for exports are overvalued, as they list as exports petroleum products refined in Spanish refineries, which are imported for processing, and steel exports as well. Once this flaw is corrected, the exports would show a growth of only 41 percent, which is equivalent to a real increase of about 20 percent. But in any case, this rate indicates a significant expansion, since during the first 3 months of 1984 it produced almost 60 percent of the growth forecasted for the entire year. Achieving a real growth of 8.5 percent from all of Spain's exports of goods and services in 1984 does not seem a difficult thing to bring about, given what was accomplished during the first 3 months of the year.

Furthermore, the increase in merchandise exports, according to the Customs Directorate, after the flaw mentioned earlier is corrected, is confirmed by revenue earned from the export of goods. According to cash registry receipts of the Bank of Spain, given in dollars, there was an 18.1 percent increase during this 3-month period.

Combined with the expansion in exports, imports of merchandise continued to decline in real terms. CIF imports, according to the Customs Directorate, increased during the first 3 months by 14.1 percent in current pesetas. When corrected for price increases, these data show a real decline of about 2 percent. According to cash registry receipts, the decline in import payments (FOB) was about 4 points higher than the declared value in the customs statistics. This might be explained by a certain amount of bartering in payments on the part of importers.

Internal demand, on the contrary, only showed an expansion in the area of public consumption. This variable, according to the available data, apparently exceeded the official growth forecasts of 2.5 percent. Private consumption showed marked weakness, with a decline in automobile registration, in sales of electric household appliances, and in sales of large commercial real estate, in terms of constant pesetas. These data agreed with the real trends shown in disposable family income, given the rise in prices and wages.

#### Investment: Decline Continues

Investment demand showed no growth. According to the limited data available for analyzing this variable, investment in transport equipment and materials, of both national and imported origin, and in construction showed a decline during the first 3 months of the year. It is possible that gross domestic capital formation may have had a negative rate exceeding 2 percent. The slowdown in investment is consistent with low business expectations and the downturn in public investment, hurt by administrative delays caused by the transfer of responsibilities to autonomous communities. But it is also due to the small growth in credit in the private sector, which has not managed to cover the rise in prices of goods for which investment is necessary.

Economic expectations for the rest of the year suggest further sluggishness in domestic demand and a continuation of the expansion of exports. In terms of production, agricultural expectations are fairly favorable. Industry will continue to grow

along with the sustained expansion of external demand and foreign tourism. The service sector will be growing in activities related to tourism and public agencies, but trade and transport will be hurt by the downturn in domestic demand. Given this prospect, it seems difficult to achieve a 2.5 percent growth in the GDP, which is the official figure cited, although continuing the domestic contribution made by the external sector in the first 3 months might be a realistic goal.

Expectations for a decline in the public deficit are not favorable. According to all indications, this will reach and may even exceed 7 percent of the GDP (1.8 billion pesetas). Nor are prospects for the reduction of unemployment good. Even with the GDP growing at a rate of 2.5 percent, there would still be a decline in employment of at least 50,000 people, which, combined with the over 100,000 Spanish citizens who will be joining the ranks of those working or seeking work, will mean a growth in unemployment of at least 150,000. This means that there will be 2,600,000 people without work. That is equivalent to 20 percent of the entire active population.

7679

CSO: 3548/259

## GOVERNMENT RE-EVALUATES NATURAL GAS PRODUCTIVITY, COSTS

## Renegotiations with USSR, Algeria

Paris LES ECHOS in French 7 May 84 p 6

[Article by Didier Duruy: "Huge GDF Losses And Distorted Competition: The Government Is Reexamining the Gas Question All Over Again"]

[Text] "We are starting all over again." The French administration is considering the gas question. To see it, in the long run, this form of energy can contribute to the country's supply under acceptable economic conditions. Actually, what the experts--they are not many, compared to the proliferation of oil personalities--will have to evaluate is the competitiveness of gas. A difficult task, since politics are so closely involved, especially in France.

The immediate excess supply capacity, despite a sustained demand, does not alone warrant the fundamental study started by the authorities. The continued losses of GDF [French Gas Company], irrespective of the premium prices paid for Algerian gas, and the extremely high development costs of the huge North Sea deposits are two far more decisive factors in favor of an overall study of the question. Especially now that the government is helping EDF [French Electricity Company].

It is now quite excluded that GDF could balance its accounts in 1984. Certainly, no one still entertained illusions in this respect since this year's budget was calculated on the basis of 7.50 francs to the dollar. This objective had become quite out of reach when, for budget reasons, the government decided that GDF would have to pay the 1.5 billion francs representing the excess cost of the Algerian gas.

Actually, the current accounting year should result in a deficit of 2.5 billion francs. Or even 4 billion if we add the additional amount granted to the Algerians as part of the North-South dialogue.

## Price of the Gift to Algiers

A new tariff increase approximately equal to the 5-percent increase already obtained in February would make it possible to absorb part of the expected

losses. But certainly not all of them. To offset the deficit, including the Algerian excess cost, would require a tariff increase that would erode the competitiveness margin still retained by gas, which is estimated at 15 percent or so. This would slow down sales and supply contracts would become excessively large. Already, GDF must increase its inventories, as the markets are not following the increase in Algerian and Soviet imports.

#### Renegotiations With the USSR

The political gift to Algiers could not fail to bring about this inextricable situation. But the authorities--at least some of them--are now wondering whether gas will remain in this trap for long. Indeed, the Algerian monopoly on expensive gas will not last long. The development costs for known deposits in the North Sea will make gas expensive. Otherwise, how could we explain for instance that Shell has not yet started tapping the billions of cubic meters of its Troll deposit?

Potential buyers chose to turn to the Soviet Union, which is less demanding and more accommodating (we pay for its gas in French francs). Yet, this is no reason for putting all our eggs in one basket. This is what the Norwegians will tell Francois Mitterrand during his forthcoming trip to Scandinavia.

We must also not take the risk of overlooking gas resources in Africa and the Middle East. Provided, however, that producing countries do not ask for prices as high as Algeria's. In the long run, the gas question must be presented in terms of price. Before knowing the conclusions of the study started by the administration, the government will have to make a decision on the current question of quantities. It can choose to slow down extraction in Lacq or to readjust import contracts. The first solution would affect the finances of Elf-Aquitaine, as one third of its cash flow is generated in the Southwest of France.

Despite its high price, the contract with Algeria will not be touched either. At least not before we know who will win the battle now being waged between Algiers and Madrid. Indeed, the Spanish find themselves in the same position as we do (actually, everybody has gas surpluses) and are trying to obtain concessions from their suppliers. Therefore, all we have to do is to negotiate with the Soviets and the Dutch. That should not take long. Besides, the Soviet contract already provides for 20-percent flexibility in shipments. The French delegation will try to obtain more.

Oil companies have managed to live from day to day. No more long-term contracts. Let free markets prevail. Gas producers do not enjoy the same flexibility because of the considerable weight of the chain leading from the gas deposit to the consumer. This weight becomes unbearable when politicians put in their two cents. It is high time to reexamine the long-term competitiveness of gas.

## Political Factors Assessed

Paris LES ECHOS in French 16 May 84 p 6

[Article by Didier Duruy: "Frozen Selling Prices, Excessive Purchasing Prices: Gas is the Victim of Political Choices"]

[Text] Francois Mitterrand just spent 48 hours in Norway where his hosts talked about their country's gas potential. Also, the French Gas Company [GDF] started negotiations with Moscow to revise the tariff conditions of the Soviet supply contract. Similar negotiations are taking place with the Dutch.

Gas has never been as much in the foreground since supply contracts were signed with the Algerians and the Soviets. That is because some people in the administration are raising the issue of the competitiveness of gas. For the general director of GDF, Pierre Delaporte, there can be no doubt: "Gas is competitive and will always be," he stated yesterday at a press conference.

His assurance is supported by a few basic principles. On the one hand, mining revenues must be left to the producers. On the other hand, contracts are usually negotiated backwards, in other words the selling price to users is used as a basis in negotiations to determine the purchasing price.

Finally, all contracts provide for a possible revision of the computed prices every third year, and Pierre Delaporte stated that: "Gas markets may be technically frozen, but financially they are subject to change."

Sometimes, however, this nice theoretical machine will jam in practice, as in the case of the agreement between the French and Algerian governments. The more you accept artificially-high gas prices, the lesser your penetration on consumption markets. Witness the very low share of gas in the Japanese energy balance: 1.5 percent, exclusive of electric uses. Why? The Japanese companies were the first to agree to excessive prices, with Abu Dhabi. And they gave ideas to the Algerians.

### A 4-Billion Loss

The lesson is clear. Either gas is competitive with other energy sources, especially fuel-oil, and it will do well, or else it will do poorly. Paris cannot make Algiers see reason before the second half of 1995, when the terms of the contract are to be revised.

With the other suppliers, things will go faster. GDF has already submitted a voluminous dossier to the Soviets, to convince them to revise tariff conditions (the contract does not contain any provision for changing the amounts involved).

Moscow is said to have already agreed to a retroactive clause, should prices be changed. On the other hand, negotiations between the Dutch company Gasunie and the French delegation will essentially bear on volume. As for the Norwegians, they appear to be still too greedy.



GDF is fighting on all fronts. Even on the domestic front. It is still trying to obtain from the administration a compensation for the excess cost of the Algerian gas. "Increasing tariffs is not the solution," according to Pierre Delaporte, who would prefer capital allocations, delayed interests, etc. Apart from the Algerian question (for which GDF is paying about 1.5 billion francs per year) GDF is asking for an adjustment of its tariffs, which is warranted by the fact that industrial gas still enjoys a margin of competitiveness over fuel-oil (18 percent). This would offset some of the losses which are estimated again at 2.5 billion francs for this year.

At any rate, GDF is making the best of the delayed adjustment of its tariffs. Since October 1983, its sales rose by 10 percent, even by 20 percent in the industry. A nice performance which, even if it did not continue at the present rate, would warrant the creation of a necessary inventory in 1985 in particular. Last year, inventories increased twice as fast as had been planned, which led to an "early investment" of 1 billion francs.

Whether for the Algerian gas or its selling tariffs, GDF is in the hands of the authorities. In the name of the North-South dialogue and of the price index. An uncomfortable position which is expensive for GDF in two respects. It generates financial losses and distorts the rules of the game.

9294

CSO: 3519/371

## ELECTRICITY COMPANY CHANGES PUBLIC RATES

Paris LES ECHOS in French 9 May 84 p 6

[Article by Didier Duruy: "EDF Is Applying New Lighter Subscription Tariff, Higher kWh Price"]

[Text] Household consumers of electricity, if you can you should adopt the EDF [French Electricity Company] basic tariff rather than the peak/off-peak hour system. Also, subscribe to the lowest possible power.

Actually, by 1990, the application of EDF's blue tariff will result in increases proportional to the power subscribed. This progressive adaptation is accompanied by more basic reforms, such as the consolidation of household and professional tariffs and the creation of a special subscription for small consumers.

Twenty-eight million EDF customers will be affected by the application of the blue tariff. Take out your pocket calculators: LES ECHOS is publishing today the prices and price structures that EDF is planning to apply by 1990. The EDF plan does not allow for contingencies.

Apart from technical adjustments, the tariff shows a clear determination not to penalize small consumers. This will therefore be done at the expense of large consumers, since the reform must not entail any revenue reduction.

To understand the forthcoming trend, you should remember that EDF bills are made up of two components. The fixed fee is a sort of annual lump-sum payment covering the fixed charges incurred by the power company to make a given power available to the consumer. The other component represents the cost of the power supplied: therefore, it varies with consumption.

#### An Approach to Truth in Pricing

Overall trends emerge from past and future price variations. In the basic tariff, the fixed fee is decreased; this trend becomes more marked progressively as the power subscribed decreases. Conversely, the fixed fee increases in the dual tariff, because this tariff is adopted by consumers with heavy winter consumptions (a season where electricity costs more to produce).

Table 1. Who Are Household Users?

<u>Power (in kVA)</u>	<u>Number of Consumers</u>	<u>Number of Consumers With Off-Peak Hour Options</u>
3 or less	5,893,000	-
6	9,946,000	2,103,000
9	3,196,000	1,609,000
12	1,397,000	1,169,000
15	209,000	192,000
18	401,000	357,000
24 or more	35,000	35,000
	<u>21,077,000</u>	<u>5,465,000</u>

As far as the energy part of the bill is concerned, the kWh price will increase by 1.4 percent or so per year according to the basic tariff, and for peak-hour consumption under the dual tariff. However, this increase will not be quite as steep in the off-peak hours, so as to make up for the increase of the fixed fee.

In addition to this reform, but in the same spirit, EDF is offering a so-called "small supply" tariff for smaller consumers. Already in 1985, it will be available to all household and agricultural consumers who can make do with 3 kVA of power.

It is characterized by a very inexpensive fixed fee and a higher kWh price. This price structure is warranted by the fact that the customers involved do not consume a lot. It will also act as a disincentive to large consumers who might be attracted by the low fixed fee.

Simultaneously, EDF will consolidate its household and professional tariffs. The distinction between these two categories, which dates back to 1935, is no longer necessary, as these two types of consumptions are progressively becoming identical. Actually, two million professional customers will gain by it. In other words, household consumers will lose, since the electricity company's overall revenues must remain constant.

Prospects for 1990 are becoming apparent. The new tariff has at least the merit of being clearer. EDF is also taking advantage of it to approach truth in pricing, a concern that was also reflected in the reform of industrial tariffs. The administration, considering that household consumers have widely subsidized firms, now wishes to extend to individual consumers the seasonal reduction already included in industrial tariffs.

EDF is dragging its feet because such a reform would imply, among other things, the adoption of new four-dial meters. Still, the matter is being studied. Considering the time it will take to replace all metering equipment, it is unlikely that seasonal reductions will be included in household tariffs prior to the end of this decade.

## INDEPENDENCE IN NUCLEAR ENERGY TECHNOLOGY ACHIEVED

Paris LES ECHOS in French 11 May 84 p 9

[Article by Didier Duruy: "Nuclear Energy Becomes Truly National"]

[Text] The Paluel power-plant (1,300 MW) is diverging today; the Chooz project (1,450 MW) is on the rails.

The date of 11 May 1984 could be a milestone in French nuclear history. If all goes well, the first 1,300-MW unit of EDF [French Electricity Company] will diverge today. This is quite an event, considering that Paluel, near Dieppe, can produce close to 50 percent more power than the other nuclear power plants presently operated by EDF. A single unit of this type would suffice to provide power to all of Brittany. There will be four such units in Paluel and, when they are connected to the network, they will produce as much electricity as was consumed in France since 1950. A fantastic leap forward. But progress to the next higher stage has already started. For the French, who are somewhat chauvinistic, it will be more essential still, as it will mark the return to full technological independence.

A 100-percent French power plant. If we exclude breeder reactors, we would have to go back 20 years to find that. Saint-Laurent A2, the last plant using an all-French reactor system (with Marcoule, Chinon, Brennilis and Le Mans) was started in 1968. After that, EDF ordered only 900-MW and 1,300-MW reactor vessels under a license from the U.S. company Westinghouse.

But EDF just awarded to FRAMATOME [Franco-American Atomic Construction Company] a contract for two 1,450-MW vessels of the so-called "N4" model. This equipment has been studied since 1978 and "does not owe anything to U.S. technology," it was pointed out by the French manufacturer whose only relations with Westinghouse in the past three years have been cooperation relations. The new and more powerful vessel also offers better performance: the cost of the installed kWh is said to be 5 percent lower than the cost of power obtained with 1,300-MW equipment.

There will also be fuel savings, as the fuel cycle could be increased by about 50 percent. Finally, the new reactor vessel was designed from the start to provide a load curve that will vary with the power demand, an

essential asset since nuclear power is assuming a significant part in the overall EDF balance.

The first of these reactor vessels, and probably the second as well, will be located at the Chooz site in the Ardennes. The contract is worth about 3 billion francs, plus 300 million francs for the initial fuel loads.

An attempt to achieve greater technological independence was also made in the traditional part of the power plant. The N4 vessel will thus be coupled with a 1,500-MW turbo-generator called "Arabelle" designed and manufactured by Alsthom-Atlantique. Until now, the company had used equipment manufactured under a license from the Swiss company Brown Boveri. In April 1981, EDF placed an order (that was confirmed in June 1982) for eight "Arabelle," six of which are optional.

All-French technology for a Franco-Belgian power plant. Chooz, which is designed to be a showcase power plant, was just the subject of a cooperation agreement between Paris and Brussels, providing for Belgian manufacturers to take part in its construction.

French technicians are in control of nuclear technology. Their "crowing," however, should be subdued: they still have a long way to go before all-French kWh outnumber "americanized" kWh in the EDF balance. Yet, the progress accomplished in the past 15 years shows that it is possible to achieve independence in an advanced technology, as long as the process is supported by a strong political determination and a developing market.

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CSO: 3519/370

## BRIEFS

OIL EXPLORATION WITH PRC--An agreement to prepare the development of an oil deposit in the South China Sea was signed by the Nanhai Western Oil Company and the French company Total-China, a subsidiary of the French Oil Company, it was announced by the NEW CHINA agency. The agreement provides for studies on the 10-3 block oil layer to start during the second half of this year, and drilling could start in 1985. According to a spokesman for the China National Offshore Oil Corporation (CNOOC), oil production, which will be experimental in a first stage, could start in 1986. If results are satisfactory, the agreement provides that mass production would be started. In 1980, Total-China and the Nanhai Western Oil Company signed an agreement for the joint development of a sector in the Beibu Gulf. The Chinese company is contributing 51 percent of the investments, and the French party 49 percent, the NEW CHINA agency indicated. [Text] [Paris LES ECHOS in French 30 May 84 p 6] 9294

CSO: 3519/370

## ENERGY COMMISSION REPORT ON ENDING OF NUCLEAR POWER ISSUED

Stockholm DAGENS NYHETER in Swedish 24 May 84 p 6

[Article by Ake Ekdahl: "Nuclear Power to be Phased Out"]

[Text] The Riksdag intends to stick by its interpretation of the popular vote and plans to have all nuclear power closed down by the year 2010, according to the report which will shortly be issued by the government's "Energy Commission 81."

However, the analysis makes no attempt to pin down when the phase-out will begin, or how fast it will proceed, or where it will begin.

The final steps in preparing the report are to begin on Wednesday. The report shows that the partisans of the phase-out, who supported alternatives 2 and 3 in the popular election, have stayed with their original concept, namely that the economic, and possibly technicological, lifespan of nuclear power plants can be estimated at some 25 years.

The moderates, who supported alternative 1, indicating that they were in favor of continued nuclear power as long as it was considered safe, do not accept the 25-year perspective.

#### Followed Strictly

If the 25-year plan were to be followed strictly, it would mean that the first nuclear power plant to be built, Oskarshamn 1, would be closed down in 1997. After that, the next 11 plants to be built would be closed down one by one as soon as each reaches the age of 25. The last ones would be Forsmark 3 and Oskarshamn 3, in the year 2010.

The criteria for the 25-year-plan depend partially on reactor safety, and partially on disposal of radioactive wastes from nuclear power production.

The report carefully reasons out whether a phase-out period of only ten years is feasible or not. However, nothing definite is said regarding the uncertainty surrounding future energy saving, electricity consumption, new technology or security issues.



A long series of additional reports will follow the Energy Commission's report, dealing with safety, the effectiveness of electricity use, consequences to the environment, etc.

#### Economics

According to the report, the moderates think that the decisive factor in nuclear power is the economic element, and that the 25-year limit was "politically" determined, without relevance to economics or safety. Center Party and Communist Party supporters, who would like to see developments proceed faster than the Social Democrats or the Liberals, see the 25-year span as a maximum time limit, and feel that a number of nuclear power plants may need to be closed down earlier, as soon as alternative energy is found.

One set of data used by the moderates in the debate involves a comparison of the largest and most modern nuclear power plant, Forsmark 3, which will soon be made ready for production, with economic data for a very large coal-powered plant.

#### Coal Power

According to these calculations, Vattenfall [the Swedish national power company] would save 500 million kronor annually if the new coal power plant next door to Forsmark 3 never starts production, and if, instead, the nuclear power plant next door continues production. The calculations only take into account the cost of running the respective plants.

This indicates to the moderates that nuclear power is much more profitable, and that it seems to be more advantageous economically than coal.

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CSO: 3650/204

## BRIEFS

SULFUR EMISSIONS LAW PASSED--The Folketing has passed the environment minister's bill regarding the restriction of sulfur dioxide pollution from power plants--but with some stiffening of the minister's original bill. This means that Danish electric power plants over the next 10 years are to reduce sulfur emissions from smokestacks by more than 40 percent, which is 10 percent more than in the original bill. In addition, the sulfur content in gas- and fuel oil is to be reduced. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 21 May 84 p 2] 8985

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